
CITY OF SAINT CHARLES, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004



Report issued by the Finance Department

Karen D. McDermott
Director of Finance

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Part I – Introductory Section



City of Saint Charles, Missouri

200 North Second Street Saint Charles, Missouri 63301-2891
(314) 949-3200

June 20, 2005

Honorable Mayor
City Council Members; and the Citizens of
City of Saint Charles, Missouri:

It is my pleasure to submit the Comprehensive Annual Report (CAFR) of the City of St. Charles, Missouri for the fiscal year ended December 31, 2004. It is submitted according to the provisions of Sections 3.14 and 5.3(a) of the City Charter. The City Charter requires an annual audit of all City accounts by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report has been included in this report. The independent auditors' report is "unqualified", meaning no significant exceptions in accounting practice or presentation were found. Additionally, as explained in more detail later in this letter, the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for its 2003 Comprehensive Annual Financial Report. This is the sixteenth consecutive year our City has received this prestigious award.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City of St. Charles' MD&A can be found immediately following the Independent Auditor's report.

The responsibility for both the accuracies of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board (GASB). The report is presented in three sections and includes the following information:

- Introductory Section – Letter of Transmittal with comments on the operations of the City, the City's organizational chart, a list of City officials, the Government Finance Officers Association of the United States Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the fiscal year ending December 31, 2003.
- Financial Section – Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements and Notes, Required Supplementary Information, Combining and Individual Fund Financial Statements and Schedules.
- Statistical Section – Selected financial and general information presented on a multi-year comparative basis.

PROFILE OF GOVERNMENT

The Primary unit of government is the City of St. Charles and its blended component unit is described as follows:

The City of Saint Charles, Missouri is located in east central Missouri on the Missouri River near its confluence with the Mississippi River, approximately 20 miles west of the City of St. Louis, Missouri. The City of Saint Charles was incorporated as the Town of Saint Charles on November 2, 1809, by the Court of Common Pleas, District of Saint Charles. By an act of the General Assembly on March 10, 1849, it became the City of Saint Charles, Missouri by special charter. The City now operates under a Home Rule Charter effective in 1982 according to the provisions of the Missouri Constitution. As required by GAAP, the City's financial reporting entity includes all activities of The City of Saint Charles, Missouri, and of its blended component unit. The City provides a full range of services. These services include police and fire protection, water, sanitary sewer, ambulance services, construction and maintenance of streets and infrastructure, planning and zoning management, recreational activities, cultural and historic events, and general administrative services. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the City of Saint Charles, Missouri Public Facility Authorities (the PFA), a legally separate not-for-profit corporation, formed to facilitate the acquisition and construction of certain capital improvements solely for the benefit of the City, is blended with the respective funds of the primary government. The City covers approximately 24 square miles and serves as the county seat of the County of St. Charles, Missouri. It is located approximately seven miles from Lambert-St. Louis International Airport, in St. Louis, Missouri. Also, within the central business district near the City's scenic riverfront are North and South Main Street, which are part of a registered historic district.

ECONOMIC CONDITION AND OUTLOOK

The City is an attractive suburban residential community with a diverse economic base represented by a mixture of industrial enterprises, commercial enterprises, support services and an established tourist industry.

St. Charles population has grown to 61,253 in 2004. Property tax assessed values increased 1.6% for the 2004 tax year, reflecting the continued investment in both commercial and residential construction in the community. Industrial and commercial space in St. Charles continues to experience expansion due to the opening of Highway 370. During the fiscal period 2004, permits were issued for commercial developments in excess of \$56 million.

During 2004, Whittaker Builders, Inc. broke ground on the development of New Town at St. Charles. New Town is a planned mixed use development encompassing approximately 638 acres. The region's largest housing development is designed to include five compact, walkable and mixed-use neighborhoods surrounded by a series of lakes. The development is expected to include 4,300 residences. Mixed-use buildings, shops and offices will surround a main square on the town center island. The area is expected to be completed in approximately 12-15 years and exceed \$1 billion dollars.

The City is exploring the feasibility of constructing a community center, which would provide additional recreational opportunities for the citizens.

Ameristar Casinos, Inc., has announced plans to build a 300 room all-suites hotel, with 20,000 square feet of meeting and banquet space, and a 14,000 square feet entertainment pavilion. Additionally, a 1,200 – 1,500 space parking garage will be constructed on the site.

MAJOR INITIATIVES

The City continues to utilize revenues generated by a ½ cent sales tax, which are earmarked for capital improvements, to help meet its on-going capital replacement plan and annual street overlay and reconstruction program. Additionally, in 2004 significant progress was made on the Ehlmann/Truman Realignment and Old Highway 94 Reconstruction.

Gaming revenue has continued to provide the City additional resources for capital projects. During 2004, the City completed the reconstruction of Randolph Street. Significant progress was made on the Boone's Lick Corridor project, and Old Muegge Reconstruction. Additionally, the City completed various stormwater and street reconstruction projects. In fiscal 2005, the City will continue to utilize gaming funds for street and stormwater projects, enhancing facilities, and economic development. Additionally, portions of gaming funds are being utilized to fund certain general fund costs of operation. Some of the more significant projects planned for fiscal 2005 include the development of Webster Park and 5th Street Extension. The City has also provided funding for annual contributions toward the County Arena project, the Foundry Art center, Veteran's Memorial, and various other street and stormwater projects. Additionally, some of the funds will be utilized for a portion of the debt service for the September 1997 Bond Issue which funded water, stormwater, and sanitary sewer improvements.

During 2004, the Parks department completed a new giant water slide to add to the aquatic attractions at Wapelhorst Park.

In late November 2000, the Council amended the redevelopment agreement for the St. Charles Center Redevelopment Area. Pursuant to a redevelopment agreement with the new developer (Greater Missouri Builders), the Council authorized an additional \$12,200,000 in Tax Increment Financing notes for the project. A new Bass Pro opened in August 2001. Additional retail space was constructed in 2004 and renovation of the existing center is expected in 2005.

Construction of the new Convention Center continued throughout 2004 and was completed in April, 2005. During 2003, the City entered into agreements with a private hotel developer and the St. Charles County Convention and Sports Facility Authority (the Convention Authority) to facilitate the construction of a 250-room high-quality, full-service hotel and construction of a convention center with approximately 128,000 square feet on 24 acres of land owned by the City. The Convention Authority receives a county-wide lodging tax to be used to assist with the financing of the Convention Center. The hotel will be financed with private funds, and the Convention Center project, estimated to cost approximately \$50,000,000 will be funded by contributions from the Convention Authority, the City, and proceeds from the \$29,735,000 Certificates of Participation issued in November, 2003.

The City purchased a building in 2003 and renovated the building in 2004 to be used as an art center. The building was built in 1940 and is a warehouse/manufacturing structure with approximately 23,000 square feet. The art center has visual art studios, multiple galleries including one for children, a gift shop, and a kitchen for catered food service.

In May, 2004, the City hosted a Lewis and Clark Bicentennial National Signature Event, one of only 15 events nationwide. The event focused on the 200th anniversary of the explorers' remarkable journey to chart the vast lands that became part of the United States under the Louisiana Purchase.

In 2004, the City established The New Town at St. Charles Neighborhood Improvement District. (New Town NID). The NID was formed to permit special assessments to provide funding for public improvements within the district. During 1994, bonds were issued to finance Phase I improvements which consisted of various stormwater improvements in New Town.

During 2004, the City made final payment on the Tax Increment Revenue Note, Series 1996 (Home Depot Project). The incremental sales tax of \$295,000 will now be available for both the City and St. Charles County. Additionally, the project added \$5,506,790 in assessed valuation to the City and other taxing districts. This was the first TIF district to be dissolved as a result of paying off the outstanding notes.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The idea of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit - As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations relating to those programs. This internal control structure is subject to periodic evaluation by management of the City. The City is required to undergo an annual single audit performed in conformity with the provisions of the Single Audit Act Amendment of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards and the independent auditors' reports on compliance and on internal controls over financial reporting and compliance with and internal control requirements applicable to each major program is included in a separately-issued single audit report.

Budgetary Controls – The City's budget is prepared on a cash basis. The budget sets forth the proposed level of funding of the City's various operating and public service programs. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the department level in the General fund or at the fund level for all other fund types, as they are not departmentalized. The City maintains an encumbrance accounting system as one method of maintaining budgetary control. Unencumbered amounts lapse at year end.

Financial Condition

The City implemented Government Accounting Standards Board (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in 2003. The Management Discussion and Analysis (MD&A) provides a great opportunity to describe the operations and financial results of the City in a format more similar to that currently required for private industry. The MD&A serves to summarize the significant changes in balances in the Statement of Net Assets over the year and the results of the Statement of Activities on a year-over-year basis. These new government-wide statements allow the reader to gain a "big picture" view of the government as a whole, as well as monitor and track certain key balances, such as unrestricted net assets, which can be one indicator of the overall "financial health" of the City. In addition, the Fund Financial Statements, which start on page 13, are designed to address major individual funds by category (governmental, proprietary, fiduciary, or internal service). The activities within these funds are explained in the MD&A (see page 7) as well as the footnotes (see page 24).

Retirement System

The City participates in the Missouri Local Government Employees Retirement System. The plan is non-contributory and covers all full-time City employees. The City funds the entire cost of the plan. Contributions, based on actuarial valuations, were 11.2% of gross salaries for general and public works employees, 9.2% for police officers, and 8.7% for fire personnel.

Debt Administration

Outstanding general obligation bonds at December 31, 2004 totaled \$17,080,000. Additionally, the City had \$3,295,000 of Neighborhood Improvement District Limited General Obligation bonds outstanding at December 31, 2004. Under current State statutes, the City has a legal general obligation debt limit of 10% of the most recent assessed valuation. As of December 31, 2004, the City's net bonded indebtedness of \$18,735,119 was well below the legal limit of \$96,061,900, and bonded debt per capita was \$305.86.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, guaranteed securities of the United States Government and repurchase agreements. The City was able to produce a reasonable return on investments, given current market conditions, for the year ending December 31, 2004. The amount of interest income was \$1,291,395. This represented an average yield of 1.63%.

The objective of the City's investment program is to reduce credit and market risk while maximizing return on idle funds, within the bounds allowed by State statute. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held by the pledging bank's agent in the City's name.

Risk Management

The City manages its own risk under a self-insurance program. For 2004, the program covers health, dental, general liability, property and casualty, and workers' compensation. The City funds this program by annual assessments against the various operating funds to cover current claims, premiums for excess insurance policies, and projected future claims. As a part of this program, the City retains the services of independent insurance administration firms, which handle claims processing. The City purchases commercial insurance for claims in excess of coverage provided by the Internal Service fund and for all other risks of loss. Effective February 1, 2005, the City is no longer self-insured for medical/hospitalization benefits for its employees. Effective April 1, 2005, the City is no longer self-insured for dental benefits for its employees.

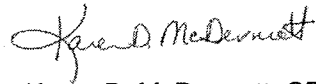
AWARDS AND RECOGNITION

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Saint Charles, Missouri for its Comprehensive Annual Financial Report for the fiscal period ended December 31, 2003. This was the sixteenth consecutive year the City has received this prestigious award since 1988. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR whose contents confirm to program standards. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year only. I believe that our 2004 CAFR continues to meet the Certificate of Achievement Program's requirements and we will submit it to the GFOA to decide its eligibility for another certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department for assisting and contributing to its preparation. I would also like to thank your office and the members of the City Council for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,

A handwritten signature in cursive script, reading "Karen D. McDermott".

Karen D. McDermott, CPA
Director of Finance

CITY OF SAINT CHARLES, MISSOURI

List of City Officials

As of December 31, 2004

ELECTED OFFICIALS:

<u>TITLE</u>	<u>NAME</u>	<u>IN YEARS</u>	<u>TERM</u> <u>EXPIRES</u>
Mayor	Patricia York	4	4/07
Councilperson	Rory Riddler	3	4/07
Councilperson	Larry Muench	3	4/07
Councilperson	Mark Brown	3	4/07
Councilperson	Bob Kneemiller	3	4/07
Councilperson	Michael Weller	3	4/07
Councilperson	Jerry Reese	3	4/07
Councilperson	Dottie Greer	3	4/07
Councilperson	John Gieseke	3	4/07
Councilperson	Joe Koester	3	4/07
Councilperson	Bob Hoepfner	3	4/07
Municipal Court Judge	Dan Barklage	4	4/07

APPOINTED OFFICIALS:

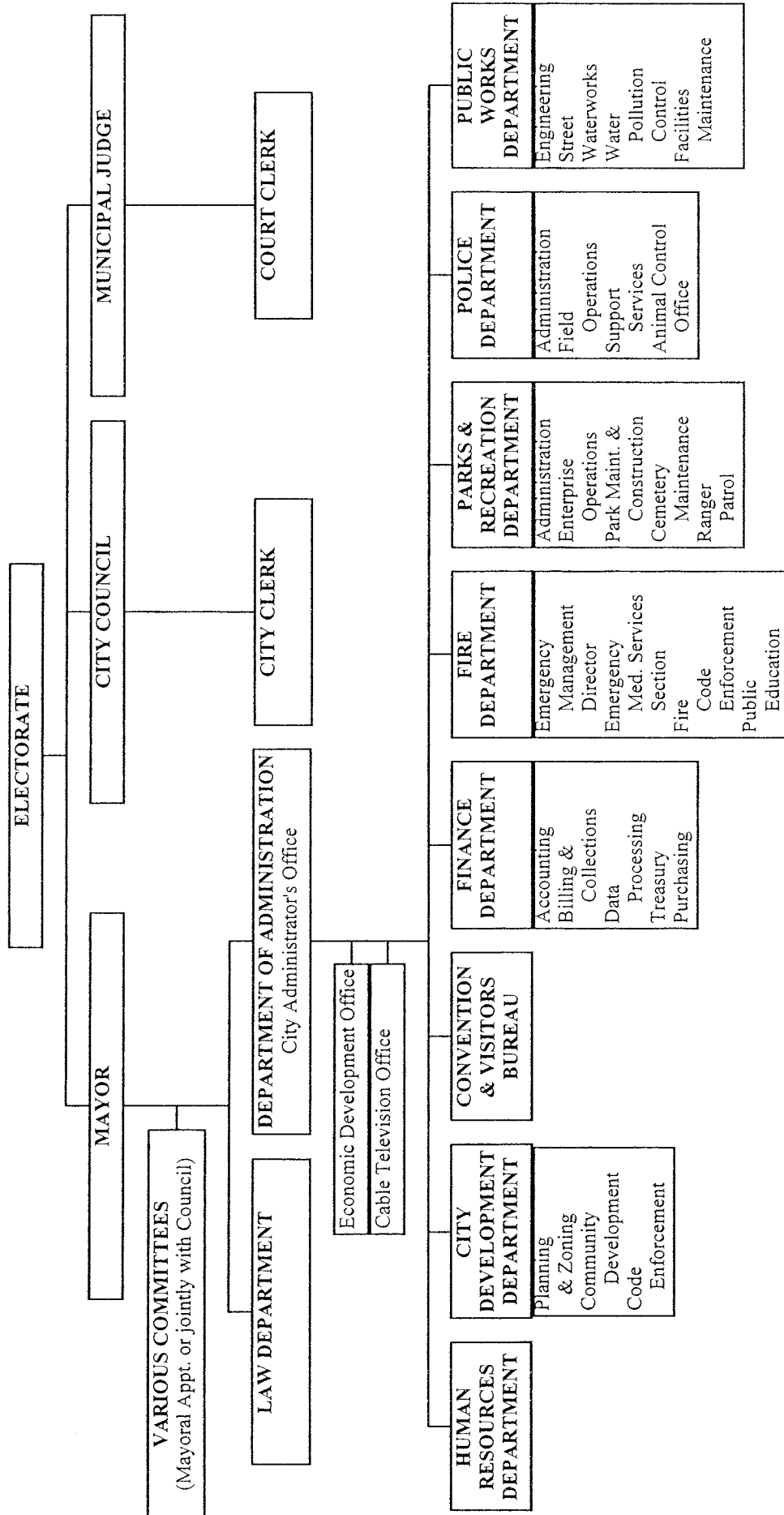
City Administrator	Allan Williams
City Clerk	Marilyn McCoy
Director of City Development	Thomas F. Ashburn
Fire Chief	Ernie Rhodes
Police Chief	James Gooch, Acting
Director of Public Works	Mike Pratt
Director of Parks	Maralee Britton.
Director of Finance	Karen D. McDermott
City Attorney	Michael Valenti
Director of Tourism	Stephen Powell
Director of Economic Development	Nadine Boon
Director of Human Resources	Celeste Armstrong, Acting

APPOINTED COMMISSIONS:

President, Public Park Board	Jackie Yaiser
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CITY OF SAINT CHARLES, MISSOURI

Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Charles,
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.

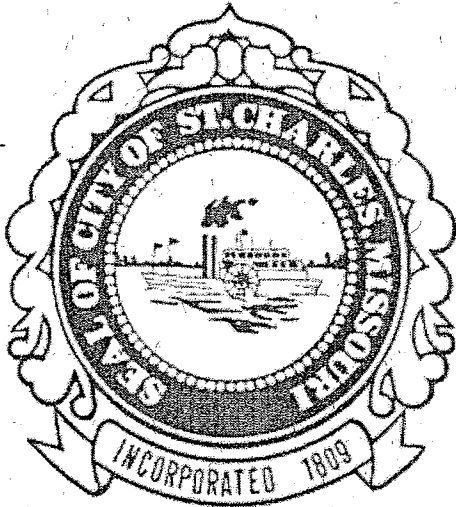


Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director



Part II – Financial Section

Rubin, Brown, Gornstein & Co. LLP
Certified Public Accountants
& Business Consultants

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Independent Auditors' Report

The Honorable Mayor and Members
of the Board of Aldermen
City of Saint Charles, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saint Charles, Missouri, as of and for the year ended December 31, 2004, which collectively comprise the City of Saint Charles, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Saint Charles, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Saint Charles, Missouri, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2005 on our consideration of the City of Saint Charles, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Mayor and Members
Of the Board of Aldermen
City of Saint Charles, Missouri

The Management's Discussion and Analysis on pages 3 through 10 and the Budgetary Comparison Information on pages 52 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the City of Saint Charles, Missouri's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules - supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rubin, Brown, Gornstein & Co. LLP

May 20, 2005

Management's Discussion And Analysis

**CITY OF ST. CHARLES, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER, 31, 2004**

The City of St. Charles, Missouri has prepared financial statements in accordance with the guidelines prescribed in GASB Statement 34. This discussion and analysis of the City of St. Charles' financial performance is meant to provide an objective and easily readable analysis of the City's financial activities based on current facts and conditions. Please read this in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of St. Charles exceeded its liabilities at the close of the fiscal year by \$123,608,349.
- The City's total net assets increased \$9.8 million. Net assets of business-type activities remained at \$36.2 million, net assets of governmental activities increased by \$9.7 million (12.6%) to \$87.4 million.
- The negative balance of \$21.6 in governmental unrestricted net assets is due to \$34.5 million in TIF related debt, which is not offset on the statements by any governmental activities related capital assets.
- Business-type operations reflected an operating gain of \$1.2 million, but only a \$20,260 increase in net assets. Operating income is not sufficient to cover all non-operating costs. Capital contributions of \$1.1 million covered remaining costs.
- At December 31, 2004, the City of St. Charles' governmental funds reported a combined ending fund balance of \$60.2 million, a decrease of \$24.2 million from 2003. The decrease is directly attributable to the activity of the convention facilities fund established to account for the expenditures to build the facility.
- The City's debt decreased by \$2.6 million during the current fiscal year. The decline was attributable to principal repayments of \$5.1 million, \$1.2 million reduction due to refunding offset by \$3.7 million in new debt issuance.
- Capital assets, overall, increased \$37.4 million. Capital assets used in governmental activities increased \$34.4 million, primarily reflecting construction in progress for the convention center and for various infrastructure improvements.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of St. Charles' financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business type activities separately. These statements include certain infrastructure as well as all known liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The Statements of Net Assets and Activities report the City's *net assets* and the resulting changes. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its financial health is improving or deteriorating. In evaluating the overall *financial health*, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's services are reported here including police, fire, public works, recreation, administrative, judicial, and legislative and executive.
- **Business-Type Activities** – These services include sewer, water and parking. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show the City is meeting legal responsibilities for use of grants. The City of St. Charles' major funds are General, Convention Facilities, Sanitary Sewer and Water Works.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

Fiduciary Funds – The City has fiduciary responsibilities for resources held for the benefit of parties outside the government. These assets are restricted in purpose and are not available to support the City's own programs. Therefore, these assets are not presented as a part of the government-wide financial statements.

Notes to the Basic Financial Statements – The notes provide additional information essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements is on page 21 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain *required supplementary information* concerning budgetary comparison schedules for the general fund and each major fund. Required supplementary information can be found on pages 52-57 of this report.

The combining statements for non-major governmental funds are presented immediately following the required supplemental information.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. The following table provides a condensed statement of net assets as of December 31, 2004:

**Table 1: Net Assets
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Assets</u>						
Current and Other Assets	\$ 71,312	\$ 95,308	\$ 40,360	\$ 46,231	\$111,672	\$141,539
Capital Assets, Net	133,986	99,540	52,627	49,639	186,613	149,179
Investment in Joint Venture	—	—	4,695	4,797	4,695	4,797
Total Assets	<u>205,298</u>	<u>194,848</u>	<u>97,682</u>	<u>100,667</u>	<u>302,980</u>	<u>295,515</u>
<u>Liabilities</u>						
Current and Other						
Liabilities	16,179	17,150	2,711	2,807	18,890	19,957
Long-Term Liabilities:						
Due within One Year	4,763	2,885	1,942	1,600	6,705	4,485
Due in More Than One						
Year	<u>96,960</u>	<u>97,163</u>	<u>56,816</u>	<u>60,067</u>	<u>153,776</u>	<u>157,230</u>
Total Liabilities	<u>117,902</u>	<u>117,198</u>	<u>61,469</u>	<u>64,474</u>	<u>179,371</u>	<u>181,672</u>
<u>Net Assets</u>						
Invested in Capital Assets						
Net of Related Debt	82,605	71,099	22,048	22,589	104,653	93,688
Restricted:						
Capital Projects	21,179	24,317	14	248	21,193	24,565
Debt Service	2,528	3,794	5	16	2,533	3,810
Other Purposes	2,705	2,541	—	—	2,705	2,541
Unrestricted	<u>(21,621)</u>	<u>(24,101)</u>	<u>14,146</u>	<u>13,340</u>	<u>(7,475)</u>	<u>(10,761)</u>
Total Net Assets	<u>\$ 87,396</u>	<u>\$ 77,650</u>	<u>\$ 36,213</u>	<u>\$ 36,193</u>	<u>\$ 123,609</u>	<u>\$113,843</u>

Total net assets of the City as a whole increased \$9.8 million. By far the largest portion of the City's net assets (85%) reflects its investment in capital assets (e.g.: land, infrastructure, buildings, and equipment) less any related debt used to acquire those assets still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital asset themselves can not be used to liquidate these liabilities.

Net assets of the City's governmental activities increased by \$9.7 million; primarily due to an increase in investments in capital assets. Capital assets in governmental activities increased \$34.4 million, primarily reflecting construction in progress for the convention center project and various infrastructure improvements. The negative balance of \$21.6 million in governmental activities unrestricted net assets is due to \$34.5 million in TIF related debt which is not offset by any governmental activities related capital asset.

The net assets of the City's business type activities increased by \$.2 million. Business type activities reflect an operating gain of \$1.2 million. Capital contributions helped offset non-operating costs. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.

Table 2 shows the changes in net assets for the year ended December 31, 2004.

**Table 2: Changes in Net Assets
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 5,233	\$ 4,960	\$11,041	\$10,053	\$16,274	\$15,013
Operating Grants and Contributions	4,110	4,234	—	—	4,110	4,234
Interest						
Capital Grants and Contributions	4,795	19,772	1,099	288	5,894	20,060
Total Program Revenues	14,138	28,966	12,140	10,341	26,278	39,307
General Revenues:						
Property Taxes	9,601	9,289	—	—	9,601	9,289
Sales Taxes	14,677	14,104	—	—	14,677	14,104
Gaming Taxes	16,710	15,386	—	—	16,710	15,386
Utility Taxes	6,151	6,186	—	—	6,151	6,186
Tourism & Hotel Taxes	1,739	1,669	—	—	1,739	1,669
TIF Revenues	3,116	3,498	—	—	3,116	3,498
Other Taxes	1,472	1,378	—	—	1,472	1,378
Other	893	689	682	758	1,575	1,447
Total General Revenues	54,359	52,199	682	758	55,041	52,957
Total Revenues	\$68,497	\$81,165	\$12,822	\$11,099	\$81,319	\$92,264
<u>Expenses:</u>						
General Government	\$12,708	\$11,760	\$ —	\$ —	\$12,708	\$11,760
Public Improvements	4,480	4,555	—	—	4,480	4,555
Public Parks	3,485	3,239	—	—	3,485	3,239
Public Safety	25,723	24,384	—	—	25,723	24,384
Public Works	606	558	—	—	606	558
Convention Center	650	—	—	—	650	—
Other	5,610	4,679	—	—	5,610	4,679
Interest and Fiscal Charges	5,142	3,955	—	—	5,142	3,955
Waterworks	—	—	6,106	5,663	6,106	5,663
Sanitary Sewer Facilities	—	—	6,681	6,619	6,681	6,619
Parking	—	—	362	350	362	350
Total Expenses	\$58,404	\$53,130	\$13,149	\$12,632	\$71,553	\$65,762
Increase(Decrease) in Net Assets before transfers	10,093	28,035	(327)	(1,533)	9,766	26,502
Transfers	(347)	(364)	347	364	—	—
Increase(Decrease) in Net Assets	\$9,746	\$27,671	\$20	\$(1,169)	\$9,766	\$26,502

Governmental Activities

Capital grants and contributions declined this year. 2003 was an unusually high amount at \$19.8 million, reflecting \$14.3 million from the St. Charles County Convention and Sports Facility Authority in accordance with the cooperation agreement entered into in 2003. Additional information can be found in Note 1 and Note 12 to the Basic Financial Statements.

General Revenues increased \$2.2 million or 4.1%. Gaming taxes was the largest source of revenue in 2004, and increased \$1.3 million or 8.6%. Sales taxes in 2004 grew \$.6 million or 4% reflecting the modest growth in the economy. Property taxes grew \$.3 million or 3.3% reflecting growth in assessed valuation.

Governmental activities expenses increased \$5.3 million or 9.9%. Public safety expenses increased \$1.3 million due to \$.4 million increase in depreciation expense related to the new criminal justice facility and personnel cost increases. Interest and fiscal charges increased by \$1.2 million, primarily due to interest payments on Certificates of Participation for the New Convention Center, and 2004 activity reflects \$650,000 of expenses related to the pre-opening operating costs of the convention center.

Business-Type Activities

The City's business-type activities include Water, Sewer and Parking.

Water – Charges for services increased 6.4% as a result of the 2004 rate increase designed to generate an additional 5% and overall increase in water usage of 1.8%. The total number of customers increased by 2.87%, but the average amount used per customer declined as a result of weather conditions. Expenses increased \$443,441 or 7.8% reflecting an increase in contracted service for outsourcing GIS mapping services, increase in fuel and personnel costs offset by a decline in interest expense as a result of refunding.

Sewer – Charges for services were up 13.2% reflecting the 2004 rate increase designed to generate 6.5%, for City customers, an overall increase in usage of 3.1% and the remainder due to the change in rates for County customers. Expenses increased \$62,218 or .1% reflecting the personnel cost and fuel increases, offset by a decline in interest expense as a result of refunding.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 13. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$68.570 million and expenditures of \$97.076 million.

The general fund is the chief operating fund of the City of St. Charles. As of December 31, 2004 the general fund unreserved fund balance was \$10.5 million. The general fund unreserved fund balance had an increase of \$.179 million from 2003.

The convention facilities fund was established in 2003 to account for the expenditures to build the Convention Center Building. Certificates of participation were issued in November 2003. Additionally, \$15.691 million from St. Charles County Convention and Sports Facilities Authority was received in 2003 to be utilized to construct the facility. Over 75% of these funds were utilized in 2004 with the project expected to be completed in 2005.

Non-major governmental funds had a net fund balance decrease of \$2,359,265. The decrease reflects the use of over \$3 million for various capital projects utilizing funds accumulated in prior years, \$1.4 million in debt service reserve funds for the convention center, offset by bond proceeds received for the Neighborhood Improvement District.

Each enterprise fund reflects a net loss before capital contributions for 2004 as fees have historically been set to cover cash flow needs. In 2004, the waterworks and sanitary sewer fund had a net decrease in cash reflecting the use of bond proceeds (issued in prior years) for capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is adopted on a fund basis. Differences between the original budget and the final amended budget (\$878,071 increase in appropriations) can be briefly summarized as follows:

- \$678,529 for various open contracts and capital projects not completed in the prior fiscal year.
- \$96,142 incorporation of certain grant awards received after budget was prepared.
- \$103,400 for other items, unanticipated additional municipal election costs, additional publication costs, additional legal fees, and costs for state audit.

On a budgetary basis, which can be found in the Required Supplementary Information, the revenues over expenditures resulted in a deficit of \$925,168. Revenue results were below budget projections for interest income (\$277,596), sales taxes (\$168,544) and utility taxes (\$162,266) somewhat offset by gains in property taxes (\$102,334) and building permits (\$110,287). Actual expenditures were \$1,284,664 below budget primarily reflecting \$1,000,950 for various open contracts and capital projects that will be completed in 2005. The remaining variance (.9%) is primarily the result of open positions during some portion of the year in various departments combined with cost containment efforts by department heads.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The amount invested in capital assets for the City at December 31, 2004, is \$186.613 million, net of accumulated depreciation. This amount includes all infrastructure assets completed during 2003 and 2004. The following table breaks down the City's capital asset balance into the various categories of assets.

**Table 3: Capital Assets
(Net of depreciation)
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$26,738	\$27,017	\$ 618	\$ 618	\$ 27,356	\$ 27,635
Land Improvements	13,347	13,936	—	—	13,347	13,936
Building and Improvements	21,740	21,241	40,580	41,563	62,320	62,804
Furniture, Fixtures and Equipment	8,965	7,473	3,705	3,960	12,270	11,433
Infrastructure	14,408	10,515	—	—	14,408	10,515
Construction in Progress	48,788	19,358	7,724	3,498	56,512	22,856
Totals	<u>\$133,986</u>	<u>\$99,540</u>	<u>\$52,627</u>	<u>\$49,639</u>	<u>\$186,613</u>	<u>\$149,179</u>

Major capital asset transactions during the year include the following additions and disposals:

Governmental Activities:

- Building & Improvements increased due to completion of the renovations to the Foundry Art Center (\$1,660,182) offset somewhat by the sale of the former police facility building.
- Additions to equipment were nearly \$3 million and included various street vehicles & implements of \$1.2 million, the addition of a slide/plunge pool at Wapelhorst Park of \$.5 million, replacement of 2

ambulances of \$.2 million, various park vehicles of \$.2 million. Accumulated appreciation offset additions by \$1.4 million.

- Infrastructure was increased by \$3.9 million. Street projects completed in 2004 included Randolph reconstruction, and Hackmann/Old 94 signal. Stormwater projects included New Town Phase I and Transit St.
- Construction in Progress at December 31, 2004 of \$48.8 million consists of \$30.6 million for the Convention Center and \$17.2 in road projects. The remainder is for various stormwater and other construction projects. The increase of \$29.4 million is primarily attributable to \$23.9 million in additions related to the convention center project.

Business-Type Activities:

Construction in progress increased due to the progress made on the Ranney Well and the \$2.5 million Fox Hill Storage Tank in water. Construction in progress in sewer consisted of additions to the manhole project and various planning and design costs associated with the 48 inch trunk line replacement project.

Additional information on the City's capital assets can be found in Note 4 to the Basic Financial Statements.

Debt

At December 31, 2004, the City of St. Charles had \$159.904 million in bonded debt. Of this, \$17.080 million in debt is back by the full faith and credit of the City.

**Table 4:
Outstanding Debt at Year End
(in thousands)**

	Governmental Activities		Business-Type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Certificates of Participation	\$31,530	\$31,600	\$7,785	\$ —	\$ 39,315	\$ 31,600
General Obligation Bonds	17,080	18,695	—	—	17,080	18,695
Neighborhood Improvement District Bonds	3,295	—	—	—	3,295	—
PFA Leasehold Revenue Bonds	13,280	13,970	52,465	63,080	65,745	77,050
Tax Increment Revenue Notes	34,469	35,190	—	—	34,469	35,190
Totals	<u>\$99,654</u>	<u>\$99,455</u>	<u>\$60,250</u>	<u>\$63,080</u>	<u>\$159,904</u>	<u>\$162,535</u>

The City of St. Charles retained its Moody's Investor Service rating of Aa3 during 2004. This bond rating is a clear indication of the sound financial condition of the City of St. Charles. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

The City of St. Charles's total debt decreased \$2.6 million during the year primarily due to the principal payments of \$5.1 million, \$1.2 million reduction in outstanding debt due to refunding offset by \$3.7 million in new debt issuance.

During 2004 the City refinanced previously outstanding general obligation bonds resulting in expected decrease in future debt service payments by \$290,000. Additionally, the City refunded previously outstanding PFA bonds resulting in expected decrease in future debt service payments by \$893,000.

Missouri statutes limit the amount of general obligation debt that a unit of government can issue to 10% of the total assessed valuation of taxable property located within the City boundaries. The legal debt margin for the City is \$77,326,781. Additional information regarding the City's long-term debt can be found in Note 7 to the Basic Financial Statements.

Economic Outlook

The City of St. Charles has been fortunate to be somewhat buffered from the economic woes of the rest of the state and nation. City revenues are not growing at the same pace as during the 1990's. However, St. Charles continues to have a stable economy with low unemployment and continued growth, albeit slow growth, in sales tax revenue. Population growth is continuing in St. Charles and St. Charles County. Other economic factors are as follows:

- The unemployment rate was 3.7%, which is a decrease from 3.9% a year ago.
- 2004 saw a significant growth in residential permits increasing 248% from 2003. This increase primarily reflects the activity of the New Town development.
- City Council is continuing to reduce the utility tax rate by 2/10 of a percent a year.
- Assessed valuation grew 1.6% in 2003.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayer, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karen McDermott, Finance Director, City of St. Charles, 200 N. Second Street, St. Charles, Missouri, 63301.

Basic Financial Statements

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF NET ASSETS December 31, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments	\$ 35,740,144	\$ 8,849,378	\$ 44,589,522
Receivables (net):			
Taxes	8,897,108	—	8,897,108
Notes	10,000	8,000	18,000
Intergovernmental	3,335,736	—	3,335,736
Services	165,338	1,711,327	1,876,665
Interest	479,892	119,844	599,736
Other	475,519	28,244	503,763
Internal balances	130,000	(130,000)	—
Inventories	—	43,860	43,860
Prepays	3,647	—	3,647
Bond issue costs	505,575	724,306	1,229,881
Restricted Assets:			
Pooled cash and investments	526,900	378,656	905,556
Held by Trustee	18,543,038	28,786,286	47,329,324
Advances to (from) other funds	345,000	(345,000)	—
Long-term receivables	2,153,654	185,337	2,338,991
Investment in joint venture	—	4,695,318	4,695,318
Capital assets:			
Non depreciable	75,525,704	8,341,900	83,867,604
Depreciable - net	58,460,104	44,284,650	102,744,754
Total Assets	205,297,359	97,682,106	302,979,465
Liabilities			
Accounts payable	5,102,854	1,122,671	6,225,525
Accrued payroll	293,776	24,480	318,256
Accrued interest payable	7,809,774	1,140,074	8,949,848
Other liabilities	5,735	53,483	59,218
Deferred revenues	1,146,602	—	1,146,602
Deposits and escrow funds	95,690	370,737	466,427
Claims payable	1,725,000	—	1,725,000
Long-term liabilities:			
Due within one year	4,762,694	1,942,373	6,705,067
Due in more than one year	96,959,599	56,815,574	153,775,173
Total Liabilities	117,901,724	61,469,392	179,371,116
Net Assets			
Investment in capital assets, net of related debt	82,605,233	22,048,257	104,653,490
Restricted for:			
Capital projects	21,178,769	14,131	21,192,900
Debt service	2,528,335	4,704	2,533,039
Other purposes	2,704,489	—	2,704,489
Unrestricted	(21,621,191)	14,145,622	(7,475,569)
Total Net Assets	\$ 87,395,635	\$ 36,212,714	\$ 123,608,349

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2004

Functions	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 12,707,485	\$ 742,351	\$ 558,189	\$ —	\$ (11,406,945)	\$ —	\$ (11,406,945)
Public improvements	4,479,806	—	—	227,126	(4,252,680)	—	(4,252,680)
Public parks	3,485,204	1,769,126	—	216,065	(1,500,013)	—	(1,500,013)
Public safety	25,722,755	2,003,608	33,916	289,990	(23,395,241)	—	(23,395,241)
Public works	606,274	682,122	3,517,852	2,681,660	6,275,360	—	6,275,360
Convention Center	650,473	—	—	1,379,989	729,516	—	729,516
Other	5,610,171	35,686	—	—	(5,574,485)	—	(5,574,485)
Interest on long-term debt	5,141,853	—	—	—	(5,141,853)	—	(5,141,853)
	58,404,021	5,232,893	4,109,957	4,794,830	(44,266,341)	—	(44,266,341)
Business-Type Activities							
Waterworks	6,106,174	4,956,341	—	713,276	—	(436,557)	(436,557)
Sanitary sewer	6,680,950	5,875,342	—	386,188	—	(419,420)	(419,420)
Parking facilities	362,208	209,740	—	—	—	(152,468)	(152,468)
	13,149,332	11,041,423	—	1,099,464	—	(1,008,445)	(1,008,445)
Total Government	\$ 71,553,353	\$ 16,274,316	\$ 4,109,957	\$ 5,894,294	\$ (44,266,341)	\$ (1,008,445)	\$ (45,274,786)
General Revenues:							
Property taxes levied for:							
General purposes					\$ 5,624,480	\$ —	\$ 5,624,480
Parks					2,503,956	—	2,503,956
Debt service					1,472,780	—	1,472,780
Sales tax levied for:							
General purposes					9,900,684	—	9,900,684
Capital improvements					4,775,872	—	4,775,872
Gaming taxes					16,710,022	—	16,710,022
Utility taxes					6,150,685	—	6,150,685
Tourism and hotel taxes					1,739,484	—	1,739,484
TIF Revenues:							
Levied by City					736,294	—	736,294
Levied by other taxing districts					2,379,505	—	2,379,505
Other taxes					1,471,799	—	1,471,799
Earnings on investments					879,108	412,287	1,291,395
Sale of capital assets					—	4,100	4,100
Other revenues					14,491	265,118	279,609
					(347,200)	347,200	—
Transfers					54,011,960	1,028,705	55,040,665
Total General Revenues And Transfers							
					9,745,619	20,260	9,765,879
Change In Net Assets							
					77,650,016	36,192,454	113,842,470
Net Assets - Beginning Of Year							
Net Assets - End Of Year					\$ 87,395,635	\$ 36,212,714	\$ 123,608,349

See the accompanying notes to basic financial statements.

CITY OF SAINT CHARLES, MISSOURI

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2004

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Convention Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments:				
Held by trustees	\$ —	\$ 13,216,258	\$ 5,326,780	\$ 18,543,038
Restricted	149,421	—	377,479	526,900
Unrestricted	5,997,547	—	27,850,837	33,848,384
Receivables, net of allowances where applicable:				
Taxes	4,783,872	—	4,113,236	8,897,108
Notes	—	—	2,163,654	2,163,654
Grants	430	—	3,335,306	3,335,736
Services	165,338	—	—	165,338
Interest	275,836	74,428	129,628	479,892
Other	77,182	—	395,565	472,747
Due from other funds	1,707,649	—	130,000	1,837,649
Advance to other fund	—	—	345,000	345,000
Total Assets	\$ 13,157,275	\$ 13,290,686	\$ 44,167,485	\$ 70,615,446
Liabilities And Fund Balances				
Liabilities				
Accounts payable	\$ 266,739	\$ 3,118,202	\$ 1,690,580	\$ 5,075,521
Accrued payroll	221,062	—	72,714	293,776
Accrued vacation and sick leave pay	1,322,789	—	302,905	1,625,694
Deferred revenue	269,790	—	1,331,970	1,601,760
Deposits	—	—	95,690	95,690
Due to other funds	—	—	1,707,649	1,707,649
Other liabilities	5,735	—	—	5,735
Total Liabilities	2,086,115	3,118,202	5,201,508	10,405,825
Fund Balances				
Reserved for:				
Encumbrances	398,940	3,276,924	5,513,722	9,189,586
Capital projects	—	6,895,560	11,473,702	18,369,262
Home improvement loans	—	—	2,321,156	2,321,156
Debt service	—	—	6,051,171	6,051,171
Future purchase of cemetery land	—	—	233,912	233,912
Advances to other funds	—	—	345,000	345,000
DWI Drug Enforcement	149,421	—	—	149,421
Gaming	50,000	—	—	50,000
Unreserved, reported in:				
General fund	10,472,799	—	—	10,472,799
Special revenue funds	—	—	12,883,747	12,883,747
Permanent fund	—	—	143,567	143,567
Total Fund Balances	11,071,160	10,172,484	38,965,977	60,209,621
Total Liabilities And Fund Balances	\$ 13,157,275	\$ 13,290,686	\$ 44,167,485	\$ 70,615,446

CITY OF SAINT CHARLES, MISSOURI

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2004

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 60,209,621
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$152,841,316 and the accumulated depreciation is \$18,855,508.	133,985,808
Property taxes assessed by the City, but not collected as of year end, are deferred within the fund financial statements,. However, revenue for this amount is recognized in the government-wide statements.	455,158
The internal service fund is used by management to charge the costs of insurance to the individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	145,846
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported on the government-wide statement of net assets. Discounts, premiums and bond issuance costs are reported in the governmental fund financial statements when the debt was issued whereas these amounts are deferred and amortized over the life of the debt as an adjustment to interest expense on the government-wide financial statements.	
Balances as of December 31, 2004 are:	
Accrued compensated absences	(1,642,830)
Accrued interest on outstanding debts as of year end 2004	(7,809,774)
Bonds and notes payable	(99,654,000)
Unamortized bond issue costs	505,575
Unamortized bond discount	804,026
Unamortized deferred refunding	396,205
Total Net Assets - Governmental Activities	\$ 87,395,635

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For The Year Ended December 31, 2004

	Major Funds		Nonmajor Funds	Total
	General	Convention Facilities	Other Governmental Funds	Governmental Funds
Revenues				
Taxes, including interest and penalties	\$ 27,065,804	\$ —	\$ 29,664,002	\$ 56,729,806
Federal, state and county grants	63,476	—	3,699,297	3,762,773
Intergovernmental revenue from St. Charles County Convention and Sports Authority	—	1,379,989	—	1,379,989
Licenses, permits, fines and fees	2,882,378	—	2,239,882	5,122,260
Interest on investments	454,648	275,486	150,350	880,484
Other	318,952	—	375,344	694,296
Total Revenues	30,785,258	1,655,475	36,128,875	68,569,608
Expenditures				
Current:				
General government	5,392,756	—	6,400,959	11,793,715
Public improvements	—	—	4,028,280	4,028,280
Public parks	—	—	2,832,115	2,832,115
Public safety	24,681,921	—	—	24,681,921
Public services	—	—	188,972	188,972
Public works	687,277	—	—	687,277
Convention Center	—	—	650,473	650,473
Other	—	—	3,645	3,645
Capital outlay	62,816	23,866,943	20,308,518	44,238,277
Debt service:				
Principal retirement	—	—	3,516,000	3,516,000
Interest and fiscal charges	—	—	4,222,508	4,222,508
Advance refunding escrow	—	—	132,861	132,861
Bond issue costs	—	—	99,562	99,562
Total Expenditures	30,824,770	23,866,943	42,383,893	97,075,606
Revenues Under Expenditures	(39,512)	(22,211,468)	(6,255,018)	(28,505,998)
Other Financing Sources (Uses)				
Transfers in	362,800	—	2,457,259	2,820,059
Transfers out	—	—	(3,167,259)	(3,167,259)
General obligation bonds issued	—	—	2,240,000	2,240,000
Neighborhood improvement district bonds issued	—	—	3,295,000	3,295,000
Tax increment financing notes issued	—	—	420,000	420,000
Proceeds from sale of capital assets	1,391	—	857,094	858,485
Payment to refunded bond escrow agent	—	—	(2,206,341)	(2,206,341)
Total Other Financing Sources (Uses)	364,191	—	3,895,753	4,259,944
Net Changes In Fund Balances	324,679	(22,211,468)	(2,359,265)	(24,246,054)
Fund Balances				
Beginning of year	10,746,481	32,383,952	41,325,242	84,455,675
End of year	\$ 11,071,160	\$ 10,172,484	\$ 38,965,977	\$ 60,209,621

CITY OF SAINT CHARLES, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2004

Net Change In Fund Balances - Total Governmental Funds

\$ (24,246,054)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statements of activities, assets with an initial, individual cost of more than \$5,000 for general, \$100,000 for traffic signals and \$250,000 for streets, stormwater and infrastructure are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. Donated assets are not recorded in the governmental funds but are recognized as revenue in the statement of activities. This is the amount by which capital outlays and donated capital assets exceeded depreciation in the current period.

34,445,721

The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity-wide statement of activities.

435,415

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds financial statements but reduces the long-term liabilities in the statement of net assets.

Proceeds from general obligation bonds issued	\$ (2,240,000)	
Proceeds from neighborhood improvement district bonds issued	(3,295,000)	
Tax increment financing notes issued	(420,000)	
Payment to escrow agent	2,339,202	
Repayment of bond principal	3,516,000	(99,798)

Under the modified accrual basis of accounting used in governmental funds the effect of issuance costs, discounts and premiums is recognized when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net effect of these differences is as follows:

Accrued interest on bonds	(775,896)	
Compensated absences	102,995	
Discounts on debt issuances, net of amortization	(61,299)	
Deferred bond issuance costs, net of amortization	53,528	
Deferred amount on refunding, net of amortization	(36,226)	(716,898)

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues decreased this year.

(72,767)

Change In Net Assets Of Governmental Activities

\$ 9,745,619

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS December 31, 2004

	Business Type Activities - Enterprise Funds				
	Major Enterprise Funds		Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Waterworks	Sanitary Sewer	Parking Facilities		
Assets					
Current Assets					
Cash and cash equivalents:					
Held by trustees	\$ 7,380,609	\$21,405,677	\$ —	\$ 28,786,286	\$ —
Customer deposits	378,656	—	—	378,656	—
Unrestricted	3,354,581	5,368,921	125,876	8,849,378	1,891,760
Receivables, net of allowances:					
Services	718,654	992,673	—	1,711,327	—
Interest	49,074	70,770	—	119,844	—
Other	28,244	—	—	28,244	2,772
Inventory, at cost	43,860	—	—	43,860	—
Prepaid expenses	—	—	—	—	3,647
Total current assets	11,953,678	27,838,041	125,876	39,917,595	1,898,179
Loans receivable	—	193,337	—	193,337	—
Bond acquisition costs	232,488	491,818	—	724,306	—
Investment in joint venture	4,695,318	—	—	4,695,318	—
Land, other assets and construction in progress, nondepreciable	5,431,750	2,733,150	177,000	8,341,900	—
Other capital assets	21,834,545	51,056,400	6,861,260	79,752,205	—
Less: Accumulated depreciation	(8,042,353)	(24,055,745)	(3,369,457)	(35,467,555)	—
Capital assets - net	19,223,942	29,733,805	3,668,803	52,626,550	—
Total Assets	36,105,426	58,257,001	3,794,679	98,157,106	1,898,179
Liabilities					
Current Liabilities:					
Accounts payable	836,769	285,902	—	1,122,671	27,333
Accrued payroll	16,401	7,490	589	24,480	—
Accrued vacation and sick leave pay	68,429	21,942	2,002	92,373	—
Accrued interest payable	373,522	766,552	—	1,140,074	—
Current portion of revenue bonds payable	607,700	1,242,300	—	1,850,000	—
Due to other funds	—	—	130,000	130,000	—
Claims payable	—	—	—	—	1,725,000
Other current liabilities	50,589	165	2,729	53,483	—
Total current liabilities	1,953,410	2,324,351	135,320	4,413,081	1,752,333
Current liabilities (payable from restricted assets):					
Deposits payable	370,737	—	—	370,737	—
Total current liabilities	2,324,147	2,324,351	135,320	4,783,818	1,752,333
Long-term portion of revenue bonds payable (net of unamortized discounts and unamortized refunding loss)	18,774,097	37,967,025	—	56,741,122	—
Advance from other fund	—	—	345,000	345,000	—
Noncurrent accrued vacation and sick leave pay	64,939	8,831	682	74,452	—
Total Liabilities	21,163,183	40,300,207	481,002	61,944,392	1,752,333
Net Assets					
Invested in capital assets, net of related debt	6,667,897	11,711,557	3,668,803	22,048,257	—
Restricted for capital projects	14,131	—	—	14,131	—
Restricted for debt service	2,352	2,352	—	4,704	—
Unrestricted	8,257,863	6,242,885	(355,126)	14,145,622	145,846
Total Net Assets	\$ 14,942,243	\$17,956,794	\$ 3,313,677	\$ 36,212,714	\$ 145,846

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For The Year Ended December 31, 2004

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Enterprise Funds		Nonmajor Enterprise Fund	Total	
	Waterworks	Sanitary Sewer	Parking Facilities	Enterprise Funds	
Operating Revenues					
Metered water sales	\$ 4,954,686	\$ —	\$ —	\$ 4,954,686	\$ —
Sewer fees	—	5,875,342	—	5,875,342	—
Garage gate and surface parking lot collections	—	—	209,740	209,740	—
Charges for services	—	—	—	—	6,301,416
Other	265,047	1,666	60	266,773	—
Total Operating Revenues	5,219,733	5,877,008	209,800	11,306,541	6,301,416
Operating Expenses					
Labor	1,683,452	592,011	63,206	2,338,669	—
Contracted services	698,177	1,777,817	2,250	2,478,244	—
Administrative and general	13,470	13,642	892	28,004	—
Purchased water	970,341	—	—	970,341	—
Utilities and fuels	263,395	264,876	71	528,342	—
Repairs and maintenance	78,992	41,120	22,172	142,284	—
Materials and supplies	324,718	15,838	—	340,556	—
Claims expense and insurance	—	—	—	—	5,866,001
Depreciation	867,348	1,843,988	273,617	2,984,953	—
Bad debt expense	13,747	8,408	—	22,155	—
Amortization	36,618	74,437	—	111,055	—
Other	80,271	38,922	—	119,193	—
Total Operating Expenses	5,030,529	4,671,059	362,208	10,063,796	5,866,001
Operating Income (Loss)	189,204	1,205,949	(152,408)	1,242,745	435,415
Nonoperating Revenues (Expenses)					
Interest income	166,030	246,257	—	412,287	—
Interest expense	(974,326)	(2,009,891)	—	(2,984,217)	—
Net gain on sale of fixed assets	—	4,100	—	4,100	—
Equity loss in joint venture	(101,319)	—	—	(101,319)	—
Total Nonoperating Revenues (Expenses)	(909,615)	(1,759,534)	—	(2,669,149)	—
Income (Loss) Before Operating Transfers And Capital Contributions	(720,411)	(553,585)	(152,408)	(1,426,404)	435,415
Operating Transfers					
Transfers in	400,000	300,000	—	700,000	—
Transfers out	(176,400)	(176,400)	—	(352,800)	—
Total Operating Transfers	223,600	123,600	—	347,200	—
Net Income (Loss) Before Capital Contributions	(496,811)	(429,985)	(152,408)	(1,079,204)	435,415
Capital Contributions	713,276	386,188	—	1,099,464	—
Change In Net Assets	216,465	(43,797)	(152,408)	20,260	435,415
Net Assets - Beginning Of Year	14,725,778	18,000,591	3,466,085	36,192,454	(289,569)
Net Assets - End Of Year	\$ 14,942,243	\$ 17,956,794	\$ 3,313,677	\$ 36,212,714	\$ 145,846

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For The Year Ended December 31, 2004

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Enterprise Funds		Nonmajor Enterprise Fund	Total	
	Waterworks	Sanitary Sewer	Parking Facilities	Enterprise Funds	
Cash Flows From Operating Activities					
Cash received from customers	\$ 4,902,490	\$ 5,691,191	\$ 209,800	\$ 10,803,481	\$ —
Customer deposits received, net	81,487	—	—	81,487	—
Cash received from other funds for services provided	—	—	—	—	6,301,416
Other operating cash receipts	266,579	1,666	—	268,245	—
Cash paid to employees for services	(1,740,138)	(599,323)	(65,281)	(2,404,742)	—
Cash payments to suppliers for goods and services	(1,912,593)	(2,387,601)	(27,281)	(4,327,475)	—
Cash payments for premiums and claims	—	—	—	—	(5,639,101)
Other operating disbursements	(80,271)	(38,922)	—	(119,193)	—
Net Cash Provided By Operating Activities	1,517,554	2,667,011	117,238	4,301,803	662,315
Cash Flows From Noncapital Financing Activities					
Advances from other funds	400,000	300,000	—	700,000	—
Transfers to other funds	(176,400)	(176,400)	—	(352,800)	—
Net Cash Provided By Noncapital Financing Activities	223,600	123,600	—	347,200	—
Cash Flows From Capital And Related Financing Activities					
Principal paid on debt	(519,100)	(1,080,900)	—	(1,600,000)	—
Interest paid on debt	(990,282)	(2,001,440)	—	(2,991,722)	—
Payment on advance from other fund/loan repayments	—	21,690	(130,000)	(108,310)	—
Proceeds from certificates of participation issued	2,958,300	4,826,700	—	7,785,000	—
Payment to escrow agent on defeasance of old debt	(3,409,960)	(5,832,332)	—	(9,242,292)	—
Contributions from developers	713,276	386,188	—	1,099,464	—
Payment for bond discount and issue costs	(52,709)	(85,999)	—	(138,708)	—
Proceeds from sale of capital assets	—	4,100	—	4,100	—
Acquisition and construction of capital assets	(4,139,092)	(1,833,368)	—	(5,972,460)	—
Net Cash Used In Capital And Related Financing Activities	(5,439,567)	(5,595,361)	(130,000)	(11,164,928)	—
Cash Flows Provided By Investing Activities					
Interest received on investments	174,523	308,066	—	482,589	—
Net Increase (Decrease) In Cash And Cash Equivalents	(3,523,890)	(2,496,684)	(12,762)	(6,033,336)	662,315
Cash And Cash Equivalents - Beginning Of Year	14,637,736	29,271,282	138,638	44,047,656	1,229,445
Cash And Cash Equivalents - End Of Year	\$ 11,113,846	\$ 26,774,598	\$ 125,876	\$ 38,014,320	\$ 1,891,760
Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities					
Operating income (loss)	\$ 189,204	\$ 1,205,949	\$ (152,408)	\$ 1,242,745	\$ 435,415
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	867,348	1,843,988	273,617	2,984,953	—
Bad debt expense	13,747	8,408	—	22,155	—
Amortization	36,618	74,437	—	111,055	—
Change in assets and liabilities:					
Increase in services receivable	(52,196)	(184,151)	—	(236,347)	—
(Increase) decrease in other receivable	1,532	—	—	1,532	(422)
Decrease in inventory	11,077	—	—	11,077	—
Increase in prepaid expenses	—	—	—	—	(11)
Increase (decrease) in accounts payable	417,860	(274,178)	(1,636)	142,046	27,333
Decrease in accrued payroll	(41,544)	(12,694)	(1,325)	(55,563)	—
Increase in claims payable	—	—	—	—	200,000
Increase (decrease) in accrued vacation and sick leave pay	(15,142)	5,382	(750)	(10,510)	—
Increase in deposits	81,487	—	—	81,487	—
Increase (decrease) in other liabilities	7,563	(130)	(260)	7,173	—
Net Cash Provided By Operating Activities	\$ 1,517,554	\$ 2,667,011	\$ 117,238	\$ 4,301,803	\$ 662,315
Noncash Transactions Affecting Financial Position					
Equity loss in joint venture	\$ 101,319	\$ —	\$ —	\$ 101,319	\$ —

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS - AGENCY FUNDS December 31, 2004

	Total Agency Funds
Assets	
Cash and investments - restricted	<u>\$ 559,071</u>
Liabilities	
Due to other taxing districts	\$ 85,798
Deposits payable held in escrow	<u>473,273</u>
Total Liabilities	<u>\$ 559,071</u>

CITY OF SAINT CHARLES, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2004

1. Summary Of Significant Accounting Policies

The City of Saint Charles, Missouri (the City), was incorporated as the Town of Saint Charles on November 2, 1809 by the Court of Common Pleas, District of St. Charles. By an act of the General Assembly on March 10, 1849, it became the City of St. Charles, Missouri, by special charter. The City now operates under a Home Rule Charter adopted in 1982 in accordance with the provisions of the Missouri Constitution and provides the following services: public safety (police and fire), public works, public improvements, water and sanitation, recreation, community development, planning and zoning and general administrative services.

The accounting policies and financial reporting practices of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental entities. The Government Standards Accounting Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB), issued before November 30, 1989, in accounting and reporting for its proprietary operations unless these pronouncements conflict with applicable Governmental Accounting Standards Board (GASB) guidance as prescribed by GASB Statement of Financial Accounting Standards No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

The more significant accounting and reporting policies established in GAAP and practiced by the City are discussed below.

The City continues to follow the general provisions of GASB Statement No. 34 in the current year and plans to retroactively report certain infrastructure (major infrastructure assets acquired prior to January 1, 2003) when the City finalizes the implementation of GASB No. 34.

The Financial Reporting Entity

The City defines its reporting entity to include all component units for which the City's governing body is financially accountable. The City is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or the relationship must have the potential for creating specific financial benefits to, or impose specific financial burdens on, the City. The City's financial reporting entity consists of the City and its component unit. The component unit discussed below is included in the City's financial reporting entity because of the significance of its operational and financial relationship with the City.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Blended Component Unit

The following component unit is legally separate from the City; however, its activities are so intertwined with the City as the primary government that it is, in substance, the same as the primary government. As such, the balances and transactions of this component unit are blended into the basic financial statements and are reported in a manner similar to the balances and transactions of the City itself.

City Of St. Charles, Missouri, Public Facilities Authority (PFA)

The PFA is a not-for-profit corporation created by Ordinance of the City Council, organized and existing under the laws of the state of Missouri. Board members are appointed by the Mayor of the City for a three-year term and must be approved by City Council. The PFA's purpose is to provide financing for the purchase or construction of various assets for the sole benefit of the City. The PFA is accounted for as if it were part of the City's operations because it was established to provide benefits exclusively for the public facility needs of the City. Separate financial statements are not prepared for the PFA.

Joint Ventures

The City has entered into the following multigovernmental arrangements creating organizations that are owned, operated, or governed by two or more participants as separate and specific activities subject to joint control, in which the City retains an ongoing financial interest or an ongoing financial responsibility.

St. Peters-St. Charles Water Pipeline Project (Water Pipeline Project)

The Water Pipeline Project was formed under the laws of the state of Missouri on October 2, 1985. The purpose of the Water Pipeline Project is to construct and operate a water pipeline and appurtenant facilities from the Howard Bend Treatment Plant, owned and operated by the City of St. Louis, Missouri, to the separate facilities of the municipalities of St. Peters, Missouri, and St. Charles, Missouri, in order to adequately supply water by the pipeline to the citizens and businesses of the municipalities. The Water Pipeline Project is owned by the City of St. Peters (31.8%) and the City of St. Charles (68.2%). The City of St. Peters is responsible for managing and accounting for the daily operations of the Water Pipeline Project, except when concurrence of both cities is required. Additional information regarding the Water Pipeline Project is provided in Note 12.

Convention Center Project

The City and the St. Charles County Convention & Sports Facility Authority (the Authority) entered into a Convention Center Agreement (Cooperation Agreement) to contract and cooperate with each other and any private corporation for the planning, development, construction, acquisition or operation of a public improvement or facility as authorized under RSMo 70.210 to 70.320. Specifically, the Cooperation Agreement provides for the joint financing, construction and operation of a convention center facility and all related improvements.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The Authority will own an undivided $\frac{3}{4}$ interest and the City will own an undivided $\frac{1}{4}$ interest in the Convention Center Building. The City will retain ownership of the land for the project and lease the property to the Authority and to the Hotel Developer. Additional information regarding the Convention Center Project is provided for in Note 12.

Related Organization

The City's officials are also responsible for appointing members to the board of St. Charles Housing Authority, but the City's accountability for this organization does not extend beyond making such appointments. Accordingly, this related organization is not included as a component unit within the City's financial reporting entity.

Jointly Governed Organization

The City has entered into a multigovernmental arrangement creating the St. Charles City-County Library Board, which is governed by representatives from each of the participating governments. This organization is not considered to be a joint venture as the City does not retain an ongoing financial interest in or responsibility for the organization. Additionally, this entity does not meet the criteria for inclusion as a component unit in the primary government's financial reporting entity. Accordingly, the St. Charles City-County Library Board is considered a jointly governed organization.

Basis Of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties. The government-wide financial statements report net assets in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes, unrestricted interest earnings and other items not properly included among program revenues are reported instead as general revenues. The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are reported in one column labeled "Other Governmental Funds". The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide financial statements.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Fund Type

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following are the City's major governmental funds:

General Fund - The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Convention Facilities Fund - The convention facilities fund is used to account for the construction expenditures of the convention center.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The other governmental funds of the City are considered nonmajor. They are special revenue funds which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, debt service funds, which account for the accumulation of resources for the payment of long-term debt, and capital project funds which account for financial resources to be used for acquisition or construction of capital facilities and a permanent fund which is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used.

Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. The following are the City's Proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has two enterprise funds which are considered major funds as follows:

Major Funds

Waterworks Fund - The waterworks fund is used to account for the collection of revenue and operating expenditures related to water services provided by the City for its customers.

Sanitary Sewer - The sanitary sewer fund is used to account for the collection of revenue and operating expenditures related to sanitary sewer services provided by the City for its customers.

NonMajor Fund

Parking Facilities - The parking facilities fund is used to account for the collection of revenue and operating expenses related to parking facilities owned by the City.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City. The City's internal service fund reports on a self-insurance program for employee medical and dental benefits, workers' compensation, general liability and various other risk management services.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Fiduciary Fund Type – Agency Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The City's agency funds account for performance bonds pledged by contractors, municipal court collections for bail bonds and the Mark Twain Mall Transportation Development District (TDD).

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds used the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Revenues – Exchange And NonExchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied (See Note 3). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the City, available means expected to be received within 60 days of year end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: state-levied locally shared taxes (including gasoline tax), fines and forfeitures, licenses and permits, interest, grants and rentals.

Deferred Revenues

Deferred revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Certain grants received before eligibility requirements are met are reported as deferred revenues.

In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, principal and interest on general long-term debt, which have not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Inventories

Purchases of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such funds are immaterial. For the enterprise funds, inventories are recorded at cost using the first-in, first-out method and the expense is recognized when inventories are consumed in operations.

Capital Assets

Capital assets, which include property, plant, equipment and prospectively reported infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more for general capital assets, \$100,000 or more for signals, \$250,000 or more for streets and stormwater, \$250,000 or more for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with the transitional provision of GASB Statement No. 34, general government infrastructure assets (streets, bridges, sidewalks) have not been fully capitalized retroactively at December 31, 2004 but will be over the next three years.

The costs of normal maintenance and repairs that do not enhance functionality or materially extend the life of an asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	50
Water and sewer lines	50
Streets, bridges and sidewalks	20 – 50
Furniture and other equipment	5 – 20
Vehicles	8
Computer equipment	5
Software	5
Land improvement	20
Outdoor recreation	20

One-half year of depreciation is taken in the year the assets are acquired or retired. Fully depreciated assets are included in the accounts until their disposal.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Accumulated Unpaid Vacation, Compensatory Time And Sick Leave

City employees earn vacation during the current year which must be taken in the subsequent year. Accrued vacation time is payable to employees upon termination. Accrued compensatory time is payable 100% to employees upon termination. Sick leave is vested and accumulated sick days (subject to a minimum of 12 days) are paid at 25% up to 120 days and 50% in excess of 120 days, not to exceed 30 days, and is payable upon termination.

Accumulated unpaid vacation, compensatory time, and sick leave are accrued as earned. These amounts are recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if the amount is due at year end and payable with current resources.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and bond issuance costs.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Deferred Amount On Refunding

In the government-wide financial statements, the deferred amount on refunding is recorded as a reduction of the debt obligation. The deferred amount on refunding is computed as the difference between the reacquisition price and the net carrying amount of the old debt which includes unamortized bond issuance costs. This deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the straight-line method, since results of the straight-line method are not materially different from the effective interest method.

In the fund financial statements, the deferred amount on refunding is not recorded in governmental funds. The accounting for the proprietary fund is the same in the fund financial statements as it is in the government-wide financial statements.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as other financing sources (uses) in the governmental fund financial statements.

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

In governmental funds, nonroutine or nonrecurring transfers are reported as other financing uses in the funds making the transfers and as other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Net Assets

In the government-wide and proprietary fund financial statements, net assets are displayed in three components as follows:

Invested In Capital Assets, Net Of Related Debt - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Investment In Joint Venture

The City's investment in the St. Peters-St. Charles Water Pipeline Project (Joint Venture) is recorded on the equity method of accounting.

Statement Of Cash Flows

The proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Estimates And Assumptions

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year end and revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

2. Cash And Investments

The City maintains a cash and investment pool available to all City funds. For financial reporting purposes, investments are allocated in proportion to each fund's cash balance to the total cash balance. In accordance with the City's budget ordinance, the majority of interest on investments is considered earned by the general fund except for earnings otherwise legally restricted for a specific purpose. Income from investments associated with one fund is not assigned to another fund for other than legal or contractual reasons.

Missouri state statutes and City investment policies authorize the City to invest in obligations of the U.S. Treasury and U.S. government agencies, the state of Missouri, and local governments within Missouri. Deposits in financial institutions must be collateralized by securities pledged to the City by these same financial institutions.

At year end, the carrying amount of the City's deposits was \$45,553,172 and the bank balance was \$45,782,100. Of the bank balance, \$400,413 was covered by federal depository insurance and \$45,381,687 was covered by collateral held by the pledging bank's agent in the City's name.

Investments are shown at fair value based on quoted market prices.

The City's investments are categorized below to give an indication of the level of risk assumed at year end. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

	Category			Carrying Value
	1	2	3	
Investments:				
U.S. treasury obligations	\$ 1,498,571	\$ —	\$ —	\$ 1,498,571
U.S. government agency securities	40,834,005	—	—	40,834,005
Repurchase agreement	1,800,000	—	—	1,800,000
	<u>\$ 44,132,576</u>	<u>\$ —</u>	<u>\$ —</u>	<u>44,132,576</u>
U.S. governmental mutual/ treasury funds				3,697,725
Cash deposits				<u>45,553,172</u>
Total cash and investments				<u>\$ 93,383,473</u>

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

3. Property Tax

The City's property tax is levied annually, on or before September 1, based on the assessed valuation of property located in the City as of the previous January 1. Assessed valuations are established by the St. Charles County Assessor. The City's 2004 tax rate was levied at \$0.9700 per \$100 of assessed valuation of which \$0.5650 is for general revenue purposes, \$0.2550 for public parks, and \$0.1500 for the payment of principal and interest on general obligation bonds. Taxes are billed November 1, are due and collectible on December 31, and are delinquent and represent a lien on related property on January 1 of the following year. Taxes are billed, collected, and remitted to the City by the St. Charles County Collector.

4. Capital Assets

Capital asset activity for the year ended December 31, 2004:

	Balance - January 1, 2004	Increases	Decreases	Balance - December 31, 2004
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 27,017,422	\$ 86,430	\$ (365,779)	\$ 26,738,073
Construction in process	19,358,054	33,577,359	(4,147,782)	48,787,631
Total capital assets, not being depreciated	46,375,476	33,663,789	(4,513,561)	75,525,704
Capital assets, being depreciated:				
Land improvements	18,637,618	227,685	(141,241)	18,724,062
Structures and improvements	27,019,812	2,028,632	(1,509,642)	27,538,802
Furniture, fixtures and equipment	14,500,320	3,089,115	(1,309,024)	16,280,411
Infrastructure	10,632,029	4,140,308	—	14,772,337
Total capital assets being depreciated	70,789,779	9,485,740	(2,959,907)	77,315,612
Less accumulated depreciation for:				
Land improvements	4,701,658	725,648	(50,660)	5,376,646
Structures and improvements	5,779,252	763,906	(744,272)	5,798,886
Furniture, fixtures and equipment	7,027,725	1,373,161	(1,085,477)	7,315,409
Infrastructure	116,533	253,800	(5,766)	364,567
Total accumulated depreciation	17,625,168	3,116,515	(1,886,175)	18,855,508
Total capital assets, being depreciated, net	53,164,611	6,369,225	(1,073,732)	58,460,104
Governmental activities capital assets, net	\$ 99,540,087	\$ 40,033,014	\$ (5,587,293)	\$ 133,985,808

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

The City has elected to phase in, over part of the available transitional period, the retroactive reporting of infrastructure capital assets. The infrastructure assets reported at December 31, 2004 include only those infrastructure assets capitalized since January 1, 2003. Infrastructure represents additions for certain roads, related sidewalks and streetlights that were placed in service during this period of time. All other infrastructure assets placed in service prior to January 1, 2002 will be reported in future financial statements in accordance with the transitional provisions allowed for infrastructure assets in GASB 34.

	Balance - January 1, 2004	Increases	Decreases	Balance - December 31, 2004
Business-Type Activities:				
Waterworks:				
Capital assets, not being depreciated:				
Land and land rights	\$ 223,228	\$ —	\$ —	\$ 223,228
Construction in progress	2,478,417	4,154,971	1,424,866	5,208,522
Total capital assets not being depreciated	2,701,645	4,154,971	1,424,866	5,431,750
Capital assets, being depreciated:				
Buildings and improvements	17,800,561	1,402,292	—	19,202,853
Furniture, fixtures and equipment	2,634,852	6,695	9,855	2,631,692
Total capital assets being depreciated	20,435,413	1,408,987	9,855	21,834,545
Less: Accumulated depreciation	(7,184,860)	(867,348)	9,855	(8,042,353)
Total capital assets being depreciated, net	13,250,553	541,639	—	13,792,192
Waterworks capital assets, net	15,952,198	4,696,610	1,424,866	19,223,942
Sanitary sewer:				
Capital assets, not being depreciated:				
Land and land rights	218,059	—	—	218,059
Construction in progress	1,019,334	1,495,832	75	2,515,091
Total capital assets not being depreciated	1,237,393	1,495,832	75	2,733,150
Capital assets, being depreciated:				
Buildings and improvements	47,043,460	237,527	—	47,280,987
Furniture, fixtures and equipment	3,691,198	100,084	15,869	3,775,413
Total capital assets being depreciated	50,734,658	337,612	15,869	51,056,400
Less: Accumulated depreciation	(22,227,626)	(1,843,988)	15,869	(24,055,745)
Total capital assets being depreciated, net	28,507,032	(1,506,376)	—	27,000,655
Sanitary sewer capital assets, net	29,744,425	(10,544)	75	29,733,805
Parking facilities:				
Capital assets, not being depreciated:				
Land	177,000	—	—	177,000
Capital assets, being depreciated:				
Buildings and improvements	6,820,111	—	—	6,820,111
Furniture, fixtures and equipment	41,149	—	—	41,149
Total capital assets being depreciated	6,861,260	—	—	6,861,260
Total accumulated depreciation	(3,095,840)	(273,617)	—	(3,369,457)
Total capital assets being depreciated, net	3,765,420	(273,617)	—	3,491,803
Parking facilities capital assets, net	\$ 3,942,420	\$ (273,617)	\$ —	\$ 3,668,803

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 447,293
Public Improvements	548,193
Public Parks	670,648
Public Safety	1,414,237
Public Works	1,136

Total depreciation expense - governmental-type activities

\$ 3,081,507

Business-type Activities:

Waterworks	\$ 867,348
Sanitary Sewer	1,843,988
Parking Facilities	273,617

Total depreciation expense - business-type activities

\$ 2,984,953

5. Employees' Retirement System

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

Plan Description

LAGERS is a defined benefit pension plan, which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt.

All full-time employees are eligible to participate in LAGERS. Benefits vest after five years of credited service. Employees who retire on or after age 60 (55 for police and fire) with five or more years of service are entitled to an allowance for life based upon the benefit program then in effect. Employees may retire with a reduced early retirement benefit after a minimum of five years of credited service and attaining age 55 (50 for police and fire).

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required by state statute to contribute at an actuarially determined rate. The current rate is 11.2% of annual covered payroll for general employees, 9.2% for police, and 8.7% for fire employees. The contribution requirements of plan members are determined by the governing body of the City Council. The contribution requirements of the City are established by state statute.

Annual Pension Cost

For the City's fiscal year ended December 31, 2004, the annual pension cost incurred of \$2,537,085 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2003 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, (d) pre-retirement mortality based on the 1983 Group Annuity Mortality table and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back one year for men and seven years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2004 was 15 years.

Historical Trend Information

Historical trend information about the City's participation in LAGERS, based on their annual reporting period of June 30, is presented below to help readers assess the plan's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due.

Three-year Trend Information

Plan Year Ending	Annual Pension Costs (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2004	\$ 2,242,610	100%	\$ —
June 30, 2003	1,973,987	100%	—
June 30, 2002	1,826,719	100%	—

CITY OF SAINT CHARLES, MISSOURINotes To Basic Financial Statements *(Continued)*

Required Supplementary Information
Schedule Of Funding Progress
(Unaudited)

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL As A Percentage Of Covered Payroll
February 29, 2004	\$ 57,566,067	\$ 63,690,364	\$ 6,124,297	90%	\$ 23,478,577	26%
February 28, 2003	55,781,130	62,161,564	6,380,434	90%	22,591,574	28%
February 28, 2002	52,910,772	52,086,531	(824,241)	102%	19,137,975	—

6. Obligations Under Lease Agreements

The City leases equipment under the terms of certain operating lease agreements with terms in excess of one year. Annual aggregate lease payments remaining under the terms of these operating lease agreements as of December 31, 2004 are as follows:

Year	Amount
2005	\$ 80,032
2006	57,715
	<u>\$ 137,747</u>

Total operating lease rental expenditures of \$80,542 for the year ended December 31, 2004 are included in contractual services expenditures of the respective funds.

CITY OF SAINT CHARLES, MISSOURINotes To Basic Financial Statements (*Continued*)**7. Long-Term Liabilities**

The following is a summary of changes in the City's long-term liabilities for the year ended December 31, 2004:

	Balance - January 1, 2004	Additions	Retirements	Balance - December 2004	Current Portion
Governmental Activities:					
Compensated Absences*	\$ 3,361,573	\$ 1,912,842	\$ 2,005,891	\$ 3,268,524	\$ 1,625,694
General Obligation Bonds:					
General Obligation Bonds dated November 16, 1993, 4.5%, payable in varying amounts through 2005	\$ 185,000	\$ —	\$ 90,000	\$ 95,000	\$ 95,000
General Obligation Refunding Bonds dated June 1, 1996,	2,240,000	—	2,240,000	—	—
General Obligation Bonds dated March 20, 2001, 3.8% - 5% payable in varying amounts through 2021	13,715,000	—	1,475,000	12,240,000	220,000
General Obligation Bonds dated July 1, 2003, 1.2% - 3.55% payable in varying amounts through 2015	2,555,000	—	50,000	2,505,000	60,000
General Obligation Refunding Bonds dated June 1, 2004, 1.5% - 3.375% payable in varying amounts through 2009	—	2,240,000	—	2,240,000	350,000
	\$ 18,695,000	\$ 2,240,000	\$ 3,855,000	\$ 17,080,000	\$ 725,000
Neighborhood Improvement District Limited General Obligation Bonds:					
Neighborhood Improvement District Limited General Obligation Bonds (New Town at St. Charles Infrastructure Project - Phase One Improvements) Series 2004 dated September 1, 2004, 2.05% - 4.65% payable in varying amounts through 2024	\$ —	\$ 3,295,000	\$ —	\$ 3,295,000	\$ —

* The liability for compensated absences has historically been liquidated in each respective governmental

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance - January 1, 2004	Additions	Retirements	Balance - December 2004	Current Portion
Tax Increment Revenue Notes:					
Tax Increment Revenue Notes, Series 1996, (St. Charles Center Redevelopment Project)	\$ 445,000	\$ —	\$ 445,000	\$ —	\$ —
Tax Increment Revenue Notes, Series 1996 (Elm Point Redevelopment Project), \$6,177,500 authorized, 8%, maturing in December 2011	3,105,000	—	—	3,105,000	—
Tax Increment Revenue Notes, Series 1996, (Home Depot Redevelopment Project),	115,000	—	115,000	—	—
Tax Increment Revenue Notes, Series 1997, (Fountain Lakes Redevelopment Project), \$15,000,000 authorized, 7% - 9%, maturing in March 2014	14,595,000	215,000	220,000	14,590,000	672,000
Tax Increment Revenue Notes, Series 1998, (Elm Point - Lime Lagoon), \$8,000,000 authorized, 7% - 9%, maturing in October 2019	7,530,000	205,000	—	7,735,000	—
Tax Increment Revenue Notes, Series 2000, (Mark Twain Mall Bass Pro Shops Redevelopment Project), \$12,200,000 authorized, 9%, maturing in October 2015	9,400,000	—	361,000	9,039,000	—
	\$ 35,190,000	\$ 420,000	\$ 1,141,000	\$ 34,469,000	\$ 672,000
Certificates of Participation:					
Certificates of Participation, Series 2003, (Art Foundry Center), \$1,865,000 authorized, 1.6% - 4.75%, maturing in July 2023	\$ 1,865,000	\$ —	\$ 70,000	\$ 1,795,000	\$ 70,000
Certificates of Participation, Series 2003B, (Convention Center), \$29,735,000 authorized, 2.25% - 5.3%, maturing in May 2024	29,735,000	—	—	29,735,000	—
	\$ 31,600,000	\$ —	\$ 70,000	\$ 31,530,000	\$ 70,000

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

	Balance - January 1, 2004	Additions	Retirements	Balance - December 2004	Current Portion
PFA Leasehold Revenue Bonds:					
PFA Leasehold Revenue Bonds, Series 1997, dated September 2, 1997, 4.7% - 5.45%, payable in varying amounts through 2017	\$ 8,250,000	\$ —	\$ 420,000	\$ 7,830,000	\$ 440,000
PFA Taxable Leasehold Revenue Bonds, Series 2002 A dated June 1, 2002, 2.75% - 3.3% maturing in 2007	4,625,000	—	270,000	4,355,000	1,230,000
PFA Taxable Leasehold Revenue Bonds, Series 2002C, dated June 1, 2002, 5.2%, payable in varying amounts through 2007	1,095,000	—	—	1,095,000	—
	<u>\$ 13,970,000</u>	<u>\$ —</u>	<u>\$ 690,000</u>	<u>\$ 13,280,000</u>	<u>\$ 1,670,000</u>
	<u>\$ 102,816,573</u>	<u>\$ 7,867,842</u>	<u>\$ 7,761,891</u>	<u>\$ 102,922,524</u>	<u>\$ 4,762,694</u>
Less: Unamortized discount, net				(804,026)	
Less: Deferred amount on refunding				(396,205)	
Total Governmental Activities				<u>\$ 101,722,293</u>	
Business-Type Activities:					
Compensated absences	\$ 177,335	\$ 332,987	\$ 343,497	\$ 166,825	\$ 92,373
PFA Leasehold Revenue Bonds:					
PFA Leasehold Revenue Bonds, Series 1994, dated March 1, 1994	\$ 9,960,000	\$ —	\$ 9,960,000	\$ —	\$ —
PFA Leasehold Revenue Bonds, Series 1997, dated September 2, 1997, 4.7% - 5.45%, payable in varying amounts through 2017	21,830,000	—	515,000	21,315,000	540,000
PFA Leasehold Revenue Bonds, Series 2002 A, dated June 1, 2002, 2.75% - 5%, payable in varying amounts through 2023	14,755,000	—	20,000	14,735,000	15,000
PFA Leasehold Revenue Bonds, Series 2002 B, dated June 1, 2002, 2.75% - 5%, payable in varying amounts through 2023	16,535,000	—	120,000	16,415,000	130,000
	<u>\$ 63,080,000</u>	<u>\$ —</u>	<u>\$ 10,615,000</u>	<u>\$ 52,465,000</u>	<u>\$ 685,000</u>
Certificates of Participation, Series 2004A, dated February 1, 2004, 1.1% - 2.6%, payable in varying amounts through 2010	\$ —	\$ 7,785,000	\$ —	\$ 7,785,000	\$ 1,165,000
	<u>\$ 63,257,335</u>	<u>\$ 8,117,987</u>	<u>\$ 10,958,497</u>	<u>\$ 60,416,825</u>	<u>\$ 1,942,373</u>
Less: Unamortized discount, net				(751,353)	
Less: Deferred amount on refunding				(907,525)	
Total Business-Type Activities				<u>\$ 58,757,947</u>	

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

Debt Service Requirements To Maturity

The annual principal requirements to maturity of bonded debt outstanding as of December 31, 2004 are as follows:

Year Ending December 31,	Governmental Activities		Business-Type Activities		Total Debt Service Requirements To Maturity	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 2,465,000	\$ 2,848,521	\$ 1,850,000	\$ 2,745,490	\$ 4,315,000	\$ 5,594,011
2006	2,825,000	3,003,277	1,890,000	2,700,175	4,715,000	5,703,452
2007	4,960,000	2,742,893	1,945,000	2,649,074	6,905,000	5,391,967
2008	2,205,000	2,612,504	2,005,000	2,591,065	4,210,000	5,203,569
2009	1,970,000	2,530,424	2,070,000	2,525,865	4,040,000	5,056,289
2010-2014	13,195,000	11,095,476	13,510,000	10,971,311	26,705,000	22,066,787
2015-2019	19,060,000	7,064,699	19,680,000	6,819,047	38,740,000	13,883,746
2020-2024	18,505,000	2,132,214	17,300,000	1,780,243	35,805,000	3,912,457
	\$ 65,185,000	\$ 34,030,008	\$ 60,250,000	\$ 32,782,270	\$ 125,435,000	\$ 66,812,278

General Obligation Bonds

General obligation bonds are supported by a pledge of the City's full faith and credit. These bonds, which are reported in the government-wide statement of net assets, were issued to finance various capital projects. \$1,632,943 is available in the City's Debt Service Fund to repay general obligation bonds. The remainder of the general obligation bonds are to be repaid from future property tax levies.

On June 1, 2004, the City issued \$2,240,000 in General Obligation Refunding Bonds, Series 2004 to refund \$2,240,000 of the outstanding principal on the General Obligation Bonds, Series 1996 (Series 1996). The net proceeds of \$2,231,968 (after payment of \$8,032 in underwriting fees) plus an additional \$107,234 of Series 1996 sinking fund monies were used to purchase U.S. government securities. Additionally, City funds in the amount of \$25,627 were used for payment of bond issuance costs. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 1996 bonds. As a result, this portion of the Series 1996 bonds are considered to be defeased and the liability for those bonds has been removed from the government activities statement of net assets. At December 31, 2004, the outstanding balance of the defeased debt had been paid off.

The City refunded the Series 1996 bonds to reduce its total debt service payments over the next 7 years by \$290,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$150,000.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Neighborhood Improvement District Bonds

In 1994, State legislation was adopted permitting the formation of special assessment areas, known as Neighborhood Improvement Districts, to finance local public improvements (the NID Act). The improvements are financed by bonds which are retired by assessments levied on those specific properties which benefit from the improvements. To the extent assessments are insufficient to retire the NID Bonds, the City is obligated to pay for debt service with available funds of the City. The City is not authorized to levy a City-wide property tax to pay the NID Bonds.

On September 1, 2004, the City issued \$3,295,000 of Neighborhood Improvement District Limited General Obligation Bonds (NID Bonds). These bonds are supported by a pledge of the City's full faith and credit. These bonds, which are reported in the government-wide statement of net assets, were issued to finance various infrastructure projects benefiting the New Town St. Charles Neighborhood Improvement District created by the City. \$6,938 is available in the City's Neighborhood Improvement District Debt Service Fund to repay these bonds. The bonds will be repaid from future special assessments to be assessed on certain real property within phase one of the District.

Tax Increment Revenue Notes Payable

The City has entered into agreements to issue tax increment revenue notes for the purpose of paying a portion of the redevelopment costs in connection with several tax increment financing district redevelopment plans. The notes are payable solely from payments in lieu of taxes attributable to the increase in assessed value of real property in the project area and additional economic activity taxes with no specific debt service requirements, and do not constitute a general obligation of the City. The obligations of the City with respect to these notes terminate on the maturity dates specified above, whether or not the principal amount or interest thereon has been paid in full.

Certificates Of Participation

Certificates of participation evidence proportionate ownership interest in the right to receive rental payments to be paid by the City under various lease/purchase agreements.

The 2003 certificates of participation are recorded in the statement of net assets as part of the governmental activities. The 2004 certificates of participation are recorded in the Waterworks and Sanitary Sewer Funds.

In February 2004, the City issued \$7,785,000 in Certificates of Participation (Series 2004A) to provide funding to refund the PFA Series 1994 bonds. The outstanding debt has been recorded in the Waterworks and Sanitary Sewer Funds. The refunding resulted in the recognition of a deferred amount on refunding which reduced the carrying amount of the PFA Series 2004 bonds outstanding by \$1,071,177. As of December 31, 2004, the unamortized portion of the deferred amount on refunding was \$907,525.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City refunded the PFA Series 1994 bonds to reduce its total debt service payments over the next 6 years by \$1,184,000 and to obtain an economic gain of approximately \$893,000.

Public Facilities Authority (PFA) Leasehold Revenue Bonds

On September 10, 1985, the PFA was formed as a Missouri not-for-profit corporation. The purpose of the PFA is to facilitate the acquisition and construction of certain capital improvements and facilities solely for the benefit of the City of St. Charles, Missouri.

Funding of such capital improvements and facilities has been provided through the issuance of leasehold revenue bonds. Concurrent with the issuance of the bonds discussed below, the City entered into lease agreements, whereby the assets acquired or constructed by the PFA have been leased to the City. The leases terminate each June 30 and can be renewed for additional one-year periods up to a maximum of twenty years. At the end of the 20-year period, the assets are intended to become the property of the City. Lease payments by the City are to be sufficient at all times to pay the total amount of interest and principal (whether at maturity, by acceleration, or by redemption as provided in the bond indenture) and premium, if any, on the leasehold revenue bonds as they become due.

The leasehold revenue bonds do not constitute a legal debt or liability for the City, the state of Missouri, or for any political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the leasehold revenue bonds does not obligate the City to levy any form of taxation, therefore, or to make any appropriation for their payment in any fiscal year. The PFA has no taxing power. The activities and accounts of the PFA have been blended into the City's various fund types and account groups. Because the primary purpose of the PFA is to issue debt to fund the acquisition or construction of assets to be leased to the City, and use the lease payments to repay the debt, the assets and liabilities of the PFA are reported as a form of the City's assets and liabilities.

In September 1997, the PFA issued \$35,355,000 in Leasehold Revenue Bonds (Series 1997) to provide for the construction of improvements to waterworks, stormwater and sewerage systems of the City. The debt relating to the Series 1997 bonds has been recorded in the government activities statement of net assets, the Waterworks fund and the Sanitary Sewer fund.

In June 2002, the PFA issued \$37,250,000 in Leasehold Revenue Bonds (Series 2002 A, B, C) to provide funds for repairing streets, acquiring land, constructing improvements to the police station, making improvements to city hall, acquiring certain vehicles, and constructing improvements to waterworks and sewerage systems of the City. The debt relating to the Series 2002 A, B, & C bonds has been recorded in the governmental activities statement of net assets, the Waterworks fund, and the Sanitary Sewer fund.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Bond Restrictions

The following represents certain revenue bond restrictions of the debt issued by the PFA:

Account	Amount Required	Authorized Expenditures
(a) Debt Service Reserve	Amount equal to \$3,404,000 for the Series 1997 bond issue.	Payment of principal and interest only when funds are not available in the bond fund.
(b) Bond Fund	Amount sufficient to pay the current bond and interest maturities on the Series 1997 bond issue.	Payment of principal and interest on bonds.
(c) Construction Fund	Construction funds from the proceeds from the sale of the Series 1997 bonds and Series 2002 A&B bonds.	Payment of construction costs associated with the project.

The City obtained a debt service reserve fund policy issued by Financial Guaranty Insurance Company for the Series 2002A, B, & C Bonds. Under this policy, the City is not required to set up a bond reserve fund.

As of December 31, 2004, the revenue bond accounts for all PFA issued long-term debt totaled \$29,755,067. This amount along with other available unrestricted cash was sufficient to pay current bond and interest maturities as well as current construction costs.

The Series 2003, 2003B and 2004A Certificates of Participation have debt service reserve restriction requirements in amounts equal to \$138,553, \$2,973,000 and \$778,500, respectively. Authorized expenditures from these reserves include payments of principal and interest only when funds are not available in the bond fund.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (Continued)

Legal Debt Margin

Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. This does not include an additional debt limit of 10% assessed valuation available for street improvements or waterworks and electric plants as provided under the statutes of the State of Missouri. The computation is as follows:

Assessed valuation - 2004 tax year	<u>\$ 960,618,998</u>
Debt limit - 10% of assessed valuation	<u>\$ 96,061,900</u>
Amount of debt applicable to debt limit:	
Total general obligation bonded debt ⁽¹⁾	20,375,000
Less: Amount available in debt service fund	<u>(1,639,881)</u>
Bond indebtedness applicable to debt limit	<u>18,735,119</u>
Legal debt margin	<u>\$ 77,326,781</u>

(1) The table includes the NID Bonds. The NID Act and the constitutional provision authorizing neighborhood improvement districts expressly provide a debt limitation of 10% of the issuer's then-current assessed valuation. *Spradlin v. Fulton* raised, but did not answer the question of whether the NID Act and constitutional authorization established a debt limit independent of other general obligation debt limitations. Accordingly, at this time, NID Bonds are computed as part of the general debt limitation.

8. Interfund Balances And Transfers

The following represents a reconciliation of transfers between fund types and individual funds for the year ended December 31, 2004:

	Transfers From	Transfers To	Net Transfers
Major Governmental Funds:			
General	\$ —	\$ 362,800	\$ 362,800
Nonmajor Governmental Funds:			
Street maintenance and improvement	268,000	—	(268,000)
Redevelopment	982,414	76,845	(905,569)
Convention center	—	500,000	500,000
Tourism	—	182,414	182,414
General obligation debt service	—	1,140,000	1,140,000
Capital improvement	584,000	558,000	(26,000)
Street construction	300,000	—	(300,000)
Major facilities	1,032,845	—	(1,032,845)
Major Enterprise Funds:			
Waterworks	176,400	400,000	223,600
Sanitary sewer	176,400	300,000	123,600
	<u>\$ 3,520,059</u>	<u>\$ 3,520,059</u>	<u>\$ —</u>

CITY OF SAINT CHARLES, MISSOURI**Notes To Basic Financial Statements (Continued)**

Interfund transfers were used to move resources from the fund budgeted to collect to the fund the budget requires to expend them; to provide additional resources for debt service; to provide funding for certain capital improvement projects; and to cover administrative support.

Individual fund interfund receivable/payable balances as of December 31, 2004 are as follows:

	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General	\$ 1,707,649	\$ —
Nonmajor Governmental Fund:		
Capital improvements	130,000	—
Special street construction	—	1,707,649
Nonmajor Enterprise Fund:		
Parking facilities	—	130,000
	<u>\$ 1,837,649</u>	<u>\$ 1,837,649</u>

Individual fund interfund advances as of December 31, 2004 are as follows:

	Interfund Receivable	Interfund Payable
Nonmajor Governmental Fund:		
Capital improvements	\$ 345,000	\$ —
Nonmajor Enterprise Fund:		
Parking facilities	—	345,000
	<u>\$ 345,000</u>	<u>\$ 345,000</u>

During fiscal year 1995, the Capital Improvements Fund advanced monies to the Parking Facilities Fund for improvements and repairs to the parking garage. The advance is to be repaid to the Capital Improvements Fund over a twelve-year period. The outstanding balance on the advances and interfund receivable/payable between the Capital Improvements Fund and the Parking Fund at December 31, 2004 is \$475,000.

The Special Street Construction Fund owes the General Fund \$1,707,649 for fund overdrafts of pooled cash as of December 31, 2004.

9. Commitments And Contingencies

Litigation

The City is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of all these legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

Federal Grants

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City's financial position.

Other Commitments And Contingencies

The City has entered into an agreement with St. Charles County, Missouri, for the purpose of developing an arena. Under the agreement, the City has agreed to contribute \$300,000 annually. Payments by the City began in September 2000 and will continue until September 2022, as long as the arena generates at least 115 separately ticketed public events.

10. Postretirement Health Care Benefits

In accordance with the City's administrative policy, the City provides postretirement health care benefits to all employees who retire from the City on or after attaining age 50 with at least 20 years of service. The City will pay 80% of the monthly costs for medical coverage for the retiree and 40% of the employee's spouse. Upon reaching Medicare eligibility, the City will fund the employee's cost for Medicare supplement insurance up to a maximum of \$125 a month. Employees who retired prior to September 1, 2002 had varying levels of postretirement health care benefits of a lesser amount than what is currently provided. At December 31, 2004, 44 retirees meet these eligibility requirements. Expenditures for postretirement health care benefits are recognized when paid. During 2004, expenditures of approximately \$155,000 were recognized for postretirement health care benefits.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City utilizes the self-insurance internal service fund to account for and finance its uninsured risk of loss. The following types of insurance are provided by the self-insurance internal service fund: general liability, property and casualty, workers' compensation, and medical, dental and hospitalization benefits to City employees. Effective February 1, 2005, the City is no longer self-insured for medical and hospitalization benefits. Effective April 1, 2005, the City is no longer self-insured for dental benefits. The City will remain self-insured for general liability, property and casualty, and workers' compensation. The City purchases commercial insurance for claims in excess of coverage provided by the internal service fund and for all other risks of loss. Settlement claims have not exceeded this commercial insurance coverage in any of the past three years.

All funds of the City participate in the program and make payments to the self-insurance internal service fund based on both exposure and experience factors. Premiums include amounts needed to pay prior and current-year claims. Claim liabilities are established based on estimates of the ultimate costs of claims (including future expenses) that have been reported but not settled and of claims incurred and not reported. The outstanding claims liability recorded in the internal service fund was \$1,725,000 at December 31, 2004 and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the general purpose financial statement indicates that it is probable that a liability has been incurred at the date of the general purpose financial statements and the amount of the loss can be reasonably estimated.

CITY OF SAINT CHARLES, MISSOURI**Notes To Basic Financial Statements (Continued)**

Changes in the internal service fund claims liability for the years ended December 31, 2003 and December 31, 2004 are as follows:

	Workers'	General	Medical And	
	Compensation	Liability	Hospitalization	Total
			Benefits	
Claims liability at December 31, 2002	\$ 700,000	\$ 150,000	\$ 300,000	\$ 1,150,000
Incurred claims and claim adjustment expense:				
Provision for insured events of 2003	514,668	573,645	3,601,244	4,689,557
Increase (decrease) in provision for insured events of prior years	189,598	118,447	(67,211)	240,834
Total incurred claims and claim adjustment expenses	704,266	692,092	3,534,033	4,930,391
Payments:				
Claims and claim adjustment expenses attributable to insured events of 2003	164,456	386,279	3,226,244	3,776,979
Claims and claim adjustment expenses attributable to insured events of prior years	389,810	155,813	232,789	778,412
Total payments	554,266	542,092	3,459,033	4,555,391
Claims liability at December 31, 2003	850,000	300,000	375,000	1,525,000
Incurred claims and claim adjustment expense:				
Provision for insured events of 2004	637,166	445,104	3,689,527	4,771,797
Increase (decrease) in provision for insured events of prior years	(128,519)	35,299	27,168	(66,052)
Total incurred claims and claim adjustment expenses	508,647	480,403	3,716,695	4,705,745
Payments:				
Claims and claim adjustment expenses attributable to insured events of 2004	224,734	124,422	3,314,527	3,663,683
Claims and claim adjustment expenses attributable to insured events of prior years	283,913	155,981	402,168	842,062
Total payments	508,647	280,403	3,716,695	4,505,745
Claims liability at December 31, 2004	\$ 850,000	\$ 500,000	\$ 375,000	\$ 1,725,000

12. Joint Ventures

St. Peters-St. Charles Water Pipeline Project:

The St. Peters-St. Charles Water Pipeline Project operates a water pipeline and appurtenant facilities from the Howard Bend Treatment Plant, owned and operated by the City of St. Louis, Missouri, to the separate facilities of the municipalities of St. Peters, Missouri, and St. Charles, Missouri (Owners), in order to adequately supply water to the citizens and businesses of the municipalities.

The Water Pipeline Project is owned by the City of St. Peters, Missouri (31.8%), and the City of St. Charles, Missouri (68.2%). The Water Pipeline Project receives all of its operating revenue from the water it sells to the Owners. The cumulative investment in the Water Pipeline Project by the City of St. Charles, Missouri, through December 31, 2004 includes its proportionate share of water pipeline construction costs and an initial contribution to a water pipeline maintenance fund. Under terms of the Water Pipeline Project agreement, additional contributions to maintain the water pipeline maintenance fund at an agreed-upon base amount may be required. The current base amount is \$500,000, which may be increased to a maximum of \$1,000,000 if maintenance costs so justify.

During the year ended December 31, 2004, the City of St. Charles, Missouri purchased water from the Water Pipeline Project and paid related pumping charges of \$970,341 and \$36,702, respectively. These costs are included as operating expenses in the City's Waterworks enterprise fund. As of December 31, 2004, the City of St. Charles, Missouri owed the Water Pipeline Project approximately \$224,000 for purchased water.

Financial statements for the Water Pipeline Project are available from its administrative offices located at One St. Peters Centre Boulevard, St. Peters, Missouri 63376.

Convention Center Project:

In July 1997, the City of St. Charles, Missouri Tax Increment Financing (TIF) Commission prepared a redevelopment plan entitled St. Charles Country Convention Center Redevelopment Area (Redevelopment Plan) calling for the construction of a convention center, a full-service hotel and related on-site and off-site improvements. In November 1997, the Redevelopment Plan was approved by the St. Charles City Council.

In 1992, the Authority was established as a separate legal entity by an Act of the Missouri State legislature with the authority to acquire, purchase or lease and construct, operate, and maintain convention centers, sports stadiums, field houses, indoor and outdoor convention, recreational and entertainment facilities, and to do all things incidental or necessary to facilitate these purposes.

CITY OF SAINT CHARLES, MISSOURI

Notes To Basic Financial Statements (*Continued*)

In 2003 the City and the Authority entered into a Convention Center Agreement (Cooperation Agreement) to contract and cooperate with each other and any private corporation for the planning, development, construction, acquisition or operation of a public improvement or facility as authorized under RSMo 70.210 to 70.320. Specifically, the Cooperation Agreement provides for the joint financing, construction and operation of a convention center facility and all related improvements (Convention Center Project).

The City and Authority also entered into a Hotel Redevelopment Agreement dated July 25, 2002 with a developer for the development and construction of a hotel of not less than 250 rooms adjacent to the Convention Center site (Hotel Project). The Convention Center property and the Hotel property, (collectively the Project Area), is owned by the City. The City will lease the Convention Center property to the Authority, and under separate lease agreement shall lease the Hotel property to the developer for \$100 per year for 55 years.

The Authority will own an undivided $\frac{3}{4}$ interest and the City will own an undivided $\frac{1}{4}$ interest in the Convention Center Building.

Pursuant to the Cooperation Agreement, On November 1, 2003, the City issued \$29,735,000 in Certificates of Participation to finance a portion of the construction of the Facility and other related costs and improvements. Until such time as the Certificates of Participation are paid in full or refinanced, the City shall contribute all TIF revenues generated as a result of the Convention Center and Hotel Project within the Convention Center Redevelopment Area, and such other revenues of the City, as will be necessary, when added to the Authority's contributions, to finance construction of, to retire the debt incurred for, and to fund the operation of the Convention Center.

Until such time as the Certificates of Participation are paid in full, the Authority shall contribute towards the cost of construction and operation of the Convention Center Project; (1) all proceeds of the hotel \motel tax earned by St. Charles County for the benefit of the Authority, except a portion for administration purposes; (2) all funds of the Authority, except \$300,000 to be used by the Authority as its Reserve Funds; (3) any interest accumulating on any funds of the Authority except the reserve or operating funds; and (4) any portion of the annual administrative funds not spent or appropriated by the end of the applicable year.

The Convention Center Project is considered a joint venture between the City and the Authority because it constitutes a contractual agreement for public benefit, subject to joint control, in which the City and Authority retain an ongoing financial responsibility as discussed above. There are no separate financial statements prepared for the Convention Center project.

13. Subsequent Event

During January 2005, the City issued \$5,780,000 of Tax Increment Revenue Notes, Series 2005 to refund a portion of the Tax Increment Revenue Notes, Series 1997.

14. Application Of Accounting Standards

As stated in Note 1, the City continues to follow the general provisions of GASB Statement No. 34. The City intends to implement the retrospective reporting requirements for infrastructure in the future. As of December 31, 2004, the impact of this change on the financial statements is not determinable.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Schedule of Expenditures – Budget and Actual – General Fund
- Notes to Budgetary Comparison Information

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For The Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Revised Final Budget		
Revenues				
Taxes, including interest and penalties:				
Property	\$ 5,554,000	\$ 5,554,000	\$ 5,656,334	\$ 102,334
Utility gross receipts	6,309,000	6,309,000	6,146,767	(162,233)
Sales	8,174,000	8,174,000	8,005,456	(168,544)
Gaming receipts	6,630,500	6,727,900	6,722,616	(5,284)
Cigarette	488,000	488,000	456,516	(31,484)
Institutional	7,500	7,500	24,954	17,454
Total taxes	27,163,000	27,260,400	27,012,643	(247,757)
Federal, state and county grants	32,000	111,138	101,933	(9,205)
Licenses, permits, fines and fees:				
Occupation licenses	448,400	448,400	481,450	33,050
Police court fines and fees	1,123,000	1,123,000	1,037,825	(85,175)
Liquor licenses	71,000	71,000	71,166	166
Building permits	272,000	272,000	382,287	110,287
Life support vehicle fees	580,000	580,000	532,544	(47,456)
Fireworks licenses	56,000	56,000	60,000	4,000
Rental inspection program	57,000	57,000	92,620	35,620
Other	168,200	168,200	221,303	53,103
Total licenses, permits, fines and fees	2,775,600	2,775,600	2,879,195	103,595
Interest on investments	727,000	727,000	449,404	(277,596)
Other	294,817	300,817	318,953	18,136
Total Revenues	30,992,417	31,174,955	30,762,128	(412,827)
Expenditures	(32,093,889)	(32,971,960)	(31,687,296)	1,284,664
Revenues Over (Under) Expenditures Before Other Financing Sources	(1,101,472)	(1,797,005)	(925,168)	871,837
Other Financing Sources				
Transfers in	362,800	362,800	362,800	—
Proceeds from sale of fixed assets	—	—	1,391	1,391
Total Other Financing Sources	362,800	362,800	364,191	1,391
Net Change In Fund Balances	(738,672)	(1,434,205)	(560,977)	873,228
Fund Balance:				
Beginning of year	8,946,874	8,946,874	8,946,874	—
End of year	\$ 8,208,202	\$ 7,512,669	\$ 8,385,897	\$ 873,228

CITY OF SAINT CHARLES, MISSOURI

BUDGETARY COMPARISON INFORMATION SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For The Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Revised Final Budget		
General Government:				
Mayor's Office:				
Personal services	\$ 193,421	\$ 193,270	\$ 162,343	\$ 30,927
Contractual services	18,250	19,874	19,926	(52)
Materials and supplies	16,000	14,527	8,080	6,447
	227,671	227,671	190,349	37,322
City Council:				
Personal services	117,783	124,607	105,538	19,069
Contractual services	58,250	65,707	52,367	13,340
Materials and supplies	59,672	49,418	46,456	2,962
Capital outlay	—	30,000	6,325	23,675
	235,705	269,732	210,686	59,046
Administration:				
Personal services	549,248	532,048	457,226	74,822
Contractual services	30,425	72,548	29,338	43,210
Materials and supplies	207,723	287,114	191,893	95,221
Capital outlay	1,149	9,871	9,263	608
	788,545	901,581	687,720	213,861
Human Resources:				
Personal services	330,279	322,623	295,612	27,011
Contractual services	34,000	32,589	19,534	13,055
Materials and supplies	26,885	47,998	27,851	20,147
Capital outlay	—	5,229	219	5,010
	391,164	408,439	343,216	65,223
Finance:				
Personal services	1,134,557	1,132,381	1,123,224	9,157
Contractual services	162,950	337,584	226,242	111,342
Materials and supplies	31,595	35,384	26,465	8,919
Capital outlay	2,500	4,409	408	4,001
	1,331,602	1,509,758	1,376,339	133,419
City Development:				
Personal services	797,343	792,243	765,887	26,356
Contractual services	43,000	53,600	47,490	6,110
Materials and supplies	20,340	23,190	21,680	1,510
	860,683	869,033	835,057	33,976
City Counselor:				
Personal services	334,408	334,408	333,918	490
Contractual services	97,540	158,285	97,122	61,163
Materials and supplies	23,253	28,175	22,514	5,661
Capital outlay	300	819	519	300
	455,501	521,687	454,073	67,614
City Clerk:				
Personal services	275,279	273,458	272,859	599
Contractual services	108,608	141,122	136,680	4,442
Materials and supplies	103,265	118,195	115,469	2,726
	487,152	532,775	525,008	7,767
Municipal Court:				
Personal services	381,576	380,676	377,605	3,071
Contractual services	39,750	33,225	30,964	2,261
Materials and supplies	24,200	36,421	27,676	8,745
Capital outlay	—	978	978	—
	445,526	451,300	437,223	14,077
Cemetery:				
Personal services	145,897	145,952	147,540	(1,588)
Contractual services	13,540	15,166	11,430	3,736
Materials and supplies	11,620	18,528	17,030	1,498
Capital outlay	950	5,365	2,758	2,607
	172,007	185,011	178,758	6,253
Economic Development				
Personal services	199,334	199,334	181,308	18,026
Contractual services	73,050	88,919	73,972	14,947
Materials and supplies	53,682	51,539	38,475	13,064
Capital outlay	—	28,306	—	28,306
	326,066	368,098	293,755	74,343
Total General Government	\$ 5,721,622	\$ 6,245,085	\$ 5,532,184	\$ 712,901

(Continued)

CITY OF SAINT CHARLES, MISSOURI

BUDGETARY COMPARISON INFORMATION SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For The Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Revised Final Budget		
Public Safety:				
Police Department:				
Personal services	\$ 13,726,118	\$ 13,781,037	\$ 13,589,453	\$ 191,584
Contractual services	1,086,086	1,164,976	1,024,687	140,289
Materials and supplies	712,100	732,378	606,473	125,905
Capital outlay	17,150	55,040	20,227	34,813
	15,541,454	15,733,431	15,240,840	492,591
Code Enforcement:				
Personal services	734,687	737,437	718,281	19,156
Contractual services	79,775	91,845	70,184	21,661
Materials and supplies	40,200	41,732	32,056	9,676
Capital outlay	3,300	8,133	7,236	897
	857,962	879,147	827,757	51,390
Fire Department:				
Personal services	8,587,493	8,587,493	8,539,674	47,819
Contractual services	464,619	468,977	616,036	(147,059)
Materials and supplies	210,870	254,630	219,226	35,404
Capital outlay	—	54,106	15,056	39,050
	9,262,982	9,365,206	9,389,992	(24,786)
Total Public Safety	25,662,398	25,977,784	25,458,589	519,195
Public Works				
Building Maintenance:				
Personal services	359,512	359,177	359,875	(698)
Contractual services	205,367	237,694	195,941	41,753
Materials and supplies	139,990	147,020	135,674	11,346
Capital outlay	5,000	5,200	5,033	167
	709,869	749,091	696,523	52,568
Total Public Works	709,869	749,091	696,523	52,568
Total Expenditures	\$ 32,093,889	\$ 32,971,960	\$ 31,687,296	\$ 1,284,664

CITY OF SAINT CHARLES, MISSOURI

NOTES TO BUDGETARY COMPARISON INFORMATION
December 31, 2004

Budgetary Data

The City Council follows the procedures outlined below in establishing the budgetary data reflected in the general purpose financial statements:

1. On or before October 1, the Mayor submits to the City Council a proposed operating budget for the general, special revenue, debt service and capital projects funds for the year commencing the following January 1, with the exception of the Neighborhood Improvement District Debt Service Fund and the Neighborhood Improvement District Capital Project Fund which do not have an operating budget for the current year.. The City Council also adopts, as a management control device only, a budget for all remaining funds.
2. The City Council publishes a public notice on the availability of copies of the budget. Not less than two weeks after such notice, a public hearing is conducted by the City Council giving the taxpayers the opportunity to be heard on the proposed budget.
3. The annual operating budgets are then adopted by the City Council by the affirmative vote of a majority of the members of the City Council and approval by the Mayor on or before the last day preceding the budget year. If the budgets have not been passed and approved by this time, then the budgets and appropriations for the current year shall be deemed to be rebudgeted and reappropriated for the budget year until a new budget is adopted and approved.
4. Upon the request of the City's department heads, the Mayor may transfer part, or all, of any unencumbered appropriated balance among programs within a department, office, or agency. Upon written request by the Mayor, the City Council may, by ordinance, transfer part or all of any unencumbered appropriated balance from one department, office, or agency to another. The amount of such transfers during the year was not significant. Expenditures may not legally exceed appropriations at the department level in the general fund or at the fund level for all other fund types as they are not departmentalized.
5. If it is determined by the Mayor that there are revenues in excess of those estimated in the budget that are available for appropriation, the City Council may, by ordinance, make supplemental appropriations for the year up to the amount of such excess.
6. If it appears probable that revenues available will be insufficient to meet the amount appropriated, the City Council may, by ordinance, reduce one or more appropriations.
7. Unencumbered appropriations lapse at year end.

CITY OF SAINT CHARLES, MISSOURI

Notes To Budgetary Comparison Information (Continued)

8. The major differences between the budget and GAAP basis of accounting are:
- a. Revenues are recorded when received in cash (budget) as opposed to when they are measurable and available (GAAP).
 - b. Expenditures are recorded when paid (budget) as opposed to when the obligation is incurred (GAAP).
 - c. Activity of the Public Facilities Authority is recorded on a GAAP basis but not on a budget basis.
 - d. Increases in the fair value of the City's investments are recorded as revenue on a GAAP basis but not on a budget basis.

Reconciliation Of GAAP Basis To Budget Basis

The City records transactions using a basis other than GAAP for the purpose of budgetary reporting for governmental fund types.

Adjustments necessary to convert the results of operations and fund balances as of and for the year ended December 31, 2004 on the GAAP basis to the budget basis for the City's major governmental funds are as follows:

	General Fund	Convention Facilities Fund
Fund Balances:		
GAAP basis	\$ 11,071,160	\$ 10,172,484
Increase (decrease) due to:		
Receivables, net	(5,225,476)	(74,428)
Accounts payable	266,467	3,118,202
Accrued payroll, vacation and sick leave pay	1,550,042	—
Deferred revenue	267,854	—
Unbudgeted activity	455,850	—
Budget basis	\$ 8,385,897	\$ 13,216,258
Net Change In Fund Balances		
GAAP basis	\$ 324,679	\$ (22,211,468)
Increase (decrease) due to:		
Revenue accruals	5,347	(59,533)
Expenditure accruals	(631,831)	1,363,416
Deferred revenue	(49,978)	—
Unbudgeted activity	(209,194)	—
Budget basis	\$ (560,977)	\$ (20,907,585)

CITY OF SAINT CHARLES, MISSOURI

Notes To Budgetary Comparison Information *(Continued)*

Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following funds and departments of the General Fund at December 31, 2004:

Fund	Amount
Tax Increment Financing Districts	\$ 351,846
Convention Center	12,017
General:	
Fire Department	24,786

Other Supplementary Information

Combining And Individual Fund Financial Statements And Schedules

Combining Statements Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds maintained by the City are as follows:

Street Maintenance And Improvement Fund - Used to account for sales, gasoline and County road and bridge tax revenues, restricted entirely for maintenance and improvements of City roads and bridges.

Special Assessment Fund - Used to account for revenues generated from special tax bills.

Community Development Fund - Used to account for state and federal grant revenues and related expenditures.

Redevelopment Fund - Used to account for revenues generated from gaming dedicated to fund economic development/redevelopment projects.

Tax Increment Financing (TIF) Districts Fund - Used to account for the City's tax increment financing districts.

Convention Center Operations Fund - Used to account for the operations of the Convention Center, including debt service.

Sewer Lateral Program Fund - Used to account for the revenue generated by a fee charged to certain property owners within the City, which is used to pay for the repair of damaged sewer lateral lines.

Metropolitan Parks Tax Fund - Used to account for the City's portion of revenue received for the Metropolitan Park and Recreation District Sales Tax.

Park Fund - Used to account for the revenues and related expenditures of the City's public parks.

Tourism Fund - Used to account for the City's 1% Tourism license tax. These funds are utilized to promote tourism, convention and other related activities in the City.

Special Business District Fund - Used to accumulate the Special Business District property tax levied on Main Street properties.

Cable Television Fund - Used to account for revenues generated from cable television franchise fees, restricted by ordinance for maintenance of a cable television channel.

Beautification Fund - Used to account for funds to be utilized for various beautification projects throughout the City.

Stormwater Fund - Used to account for the use of gaming funds dedicated to help finance the stormwater projects.

Combining Statements Nonmajor Governmental Funds

Debt Service Funds

General Obligation Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, certain general long-term debt principal, interest and related costs. This fund accounts for all General Obligation Bonds of the City.

Neighborhood Improvement (NID) District Debt Service Fund - The NID debt service fund is used to account for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs for bonds issued for improvements to the New Town Development.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital items (other than those financed by proprietary and fiduciary fund types). The capital projects funds maintained by the City are as follows:

Capital Improvement Fund - Used to account for the utilization of the 2 cent capital improvement sales tax and a portion of the City's general sales tax. Capital projects primarily for general government purposes are funded herein.

Special Street Construction Fund - Used to account for the construction expenditures for projects which are funded by federal, state, and county grants.

Street Construction Fund - Used to account for the use of gaming funds dedicated to new street construction and reconstruction of existing roadways including related curb and gutter work and design engineering services. These funds can also be utilized for street lighting and traffic signalization.

Major Facilities Fund - Used to account for the use of gaming funds dedicated to enhancing or expanding existing City facilities or new construction.

Justice Center Fund - Used to account for the use of bond proceeds appropriated for the criminal justice facility and radio system improvements.

Neighborhood Improvement District Fund - Used to account for the use of bond proceeds for infrastructure projects in New Town Development.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used.

Cemetery Trust Fund - Used to account for the revenues and related expenses of the City's cemetery.

CITY OF SAINT CHARLES, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS December 31, 2004

	Combined Nonmajor Special Revenue Funds	Combined Debt Service Fund	Combined Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and investments:					
Held by trustees	\$ 5,140,999	\$ —	\$ 185,781	\$ —	\$ 5,326,780
Restricted	—	—	—	377,479	377,479
Unrestricted	12,818,209	950,975	14,081,653	—	27,850,837
Receivables, net of allowances:					
Taxes	2,295,442	755,548	1,062,246	—	4,113,236
Notes	2,163,654	—	—	—	2,163,654
Grants	30,956	—	3,304,350	—	3,335,306
Interest	129,471	—	157	—	129,628
Other	395,565	—	—	—	395,565
Due from other funds	—	—	130,000	—	130,000
Advance to other fund	—	—	345,000	—	345,000
Total Assets	\$ 22,974,296	\$ 1,706,523	\$ 19,109,187	\$ 377,479	\$ 44,167,485
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 694,639	\$ —	\$ 995,941	\$ —	\$ 1,690,580
Accrued payroll	72,714	—	—	—	72,714
Accrued vacation and sick leave pay	302,905	—	—	—	302,905
Deferred revenue	131,990	66,642	1,133,338	—	1,331,970
Deposits	95,690	—	—	—	95,690
Due to other funds	—	—	1,707,649	—	1,707,649
Total Liabilities	1,297,938	66,642	3,836,928	—	5,201,508
Fund Balances					
Reserved for:					
Encumbrances	1,198,505	—	4,315,217	—	5,513,722
Capital projects	861,660	—	10,612,042	—	11,473,702
Home improvement loans	2,321,156	—	—	—	2,321,156
Debt service	4,411,290	1,639,881	—	—	6,051,171
Future purchase of cemetery land	—	—	—	233,912	233,912
Advances to other funds	—	—	345,000	—	345,000
Unreserved	12,883,747	—	—	143,567	13,027,314
Total Fund Balances	21,676,358	1,639,881	15,272,259	377,479	38,965,977
Total Liabilities And Fund Balances	\$ 22,974,296	\$ 1,706,523	\$ 19,109,187	\$ 377,479	\$ 44,167,485

CITY OF SAINT CHARLES, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS December 31, 2004

	Street Maintenance And Improvement	Special Assessment	Community Development	Redevelopment	Tax Increment Financing (TIF) Districts	Convention Center
Assets						
Cash and investments:						
Held by trustees	\$ —	\$ —	\$ —	\$ —	\$ 413	\$ 4,357,586
Unrestricted	2,747,015	—	182,348	1,893,014	26,310	34,069
Receivables, net of allowances:						
Taxes	354,972	11,328	—	87,503	—	—
Notes	—	—	2,163,654	—	—	—
Grants	—	—	13,053	—	—	—
Interest	—	—	—	—	—	50,811
Other	—	—	—	—	—	—
Total Assets	\$ 3,101,987	\$ 11,328	\$ 2,359,055	\$ 1,980,517	\$ 26,723	\$ 4,442,466
Liabilities And Fund Balances						
Liabilities						
Accounts payable	\$ 357,248	\$ —	\$ 37,359	\$ —	\$ —	\$ 90,837
Accrued payroll	38,157	—	540	—	—	—
Accrued vacation and sick leave pay	159,105	—	—	—	—	—
Deferred revenue	—	11,328	—	—	—	—
Deposits	—	—	—	—	—	95,690
Total Liabilities	554,510	11,328	37,899	—	—	186,527
Fund Balances						
Reserved for:						
Encumbrances	534,376	—	42,887	8,359	—	33,750
Capital projects	—	—	—	—	—	—
Home improvement loans	—	—	2,321,156	—	—	—
Debt service	—	—	—	—	2,893	4,408,397
Unreserved	2,013,101	—	(42,887)	1,972,158	23,830	(186,208)
Total Fund Balances	2,547,477	—	2,321,156	1,980,517	26,723	4,255,939
Total Liabilities And Fund Balances	\$ 3,101,987	\$ 11,328	\$ 2,359,055	\$ 1,980,517	\$ 26,723	\$ 4,442,466

Sewer Lateral Program	Metropolitan Parks Tax	Park	Tourism	Special Business District	Cable Television	Beautification	Stormwater	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 783,000	\$ 5,140,999
432,496	548,278	2,704,151	1,010,109	75,412	596,625	145,910	2,422,472	12,818,209
—	30,714	1,292,234	174,181	14,526	112,221	—	217,763	2,295,442
—	—	—	—	—	—	—	—	2,163,654
—	—	—	17,903	—	—	—	—	30,956
—	—	—	—	—	—	—	78,660	129,471
395,565	—	—	—	—	—	—	—	395,565
<u>\$ 828,061</u>	<u>\$ 578,992</u>	<u>\$ 3,996,385</u>	<u>\$ 1,202,193</u>	<u>\$ 89,938</u>	<u>\$ 708,846</u>	<u>\$ 145,910</u>	<u>\$ 3,501,895</u>	<u>\$ 22,974,296</u>
\$ 16,867	\$ 1,400	\$ 78,750	\$ 77,734	\$ 18,795	\$ 2,499	\$ 1,500	\$ 11,650	\$ 694,639
630	—	24,837	5,886	—	2,446	218	—	72,714
1,896	—	104,152	29,943	—	7,809	—	—	302,905
—	—	120,662	—	—	—	—	—	131,990
—	—	—	—	—	—	—	—	95,690
<u>19,393</u>	<u>1,400</u>	<u>328,401</u>	<u>113,563</u>	<u>18,795</u>	<u>12,754</u>	<u>1,718</u>	<u>11,650</u>	<u>1,297,938</u>
32,503	75,547	143,458	189,049	—	12,595	11,331	114,650	1,198,505
—	—	—	—	—	—	—	861,660	861,660
—	—	—	—	—	—	—	—	2,321,156
—	—	—	—	—	—	—	—	4,411,290
<u>776,165</u>	<u>502,045</u>	<u>3,524,526</u>	<u>899,581</u>	<u>71,143</u>	<u>683,497</u>	<u>132,861</u>	<u>2,513,935</u>	<u>12,883,747</u>
<u>808,668</u>	<u>577,592</u>	<u>3,667,984</u>	<u>1,088,630</u>	<u>71,143</u>	<u>696,092</u>	<u>144,192</u>	<u>3,490,245</u>	<u>21,676,358</u>
<u>\$ 828,061</u>	<u>\$ 578,992</u>	<u>\$ 3,996,385</u>	<u>\$ 1,202,193</u>	<u>\$ 89,938</u>	<u>\$ 708,846</u>	<u>\$ 145,910</u>	<u>\$ 3,501,895</u>	<u>\$ 22,974,296</u>

CITY OF SAINT CHARLES, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS December 31, 2004

	General Obligation Debt Service	Neighborhood Improvement District Debt Service	Total
Assets			
Cash and investments - unrestricted	\$ 944,037	\$ 6,938	\$ 950,975
Taxes receivable, net of allowance	755,548	—	755,548
Total Assets	\$ 1,699,585	\$ 6,938	\$ 1,706,523
Liabilities And Fund Balances			
Liabilities			
Deferred revenue	\$ 66,642	\$ —	\$ 66,642
Fund Balances			
Reserved for debt service	1,632,943	6,938	1,639,881
Total Liabilities And Fund Balances	\$ 1,699,585	\$ 6,938	\$ 1,706,523

CITY OF SAINT CHARLES, MISSOURI

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS December 31, 2004

	Capital Improvement	Special Street Construction	Street Construction	Major Facilities	Justice Center	Neighborhood Improvement District	Total
Assets							
Cash And Investments:							
Held by trustees	\$ 4,280	\$ —	\$ —	\$ 181,501	\$ —	\$ —	\$ 185,781
Unrestricted	6,317,081	—	5,037,451	1,248,502	—	1,478,619	14,081,653
Receivables, net of allowances:							
Taxes	362,372	—	432,891	266,983	—	—	1,062,246
Grants	10,971	3,293,379	—	—	—	—	3,304,350
Interest	—	—	—	157	—	—	157
Due from other fund	130,000	—	—	—	—	—	130,000
Advance to other fund	345,000	—	—	—	—	—	345,000
Total Assets	\$ 7,169,704	\$ 3,293,379	\$ 5,470,342	\$ 1,697,143	\$ —	\$ 1,478,619	\$ 19,109,187
Liabilities And Fund Balances							
Liabilities							
Accounts payable	\$ 303,342	\$ 452,392	\$ 64,494	\$ 175,713	\$ —	\$ —	\$ 995,941
Deferred revenue	—	1,133,338	—	—	—	—	1,133,338
Due to other funds	—	1,707,649	—	—	—	—	1,707,649
Total Liabilities	303,342	3,293,379	64,494	175,713	—	—	3,836,928
Fund Balances							
Reserved for:							
Encumbrances	1,252,229	1,946,291	756,254	360,443	—	—	4,315,217
Capital projects	5,269,133	(1,946,291)	4,649,594	1,160,987	—	1,478,619	10,612,042
Advance to other fund	345,000	—	—	—	—	—	345,000
Total Fund Balances	6,866,362	—	5,405,848	1,521,430	—	1,478,619	15,272,259
Total Liabilities And Fund Balances	\$ 7,169,704	\$ 3,293,379	\$ 5,470,342	\$ 1,697,143	\$ —	\$ 1,478,619	\$ 19,109,187

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For The Year Ended December 31, 2004

	Combined Nonmajor Special Revenue Funds	Combined Debt Service Fund	Combined Nonmajor Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Taxes, including interest and penalties:					
Property	\$ 4,758,537	\$ 1,479,322	\$ —	\$ —	\$ 6,237,859
Utility	40,866	—	—	—	40,866
Tourism	1,739,484	—	—	—	1,739,484
Sales	3,066,553	—	4,775,872	—	7,842,425
Gasoline and motor fuel	2,512,496	—	—	—	2,512,496
Gaming receipts	4,477,533	—	5,388,967	—	9,866,500
County road and bridge	1,005,356	—	—	—	1,005,356
Cable television	419,016	—	—	—	419,016
Total Taxes	18,019,841	1,479,322	10,164,839	—	29,664,002
Federal, state and county grants	714,006	—	2,985,291	—	3,699,297
Licenses, permits, fines and fees	2,239,882	—	—	—	2,239,882
Interest on investments	142,242	5,048	679	2,381	150,350
Other	342,040	—	—	33,304	375,344
Total Revenues	21,458,011	1,484,370	13,150,809	35,685	36,128,875
Expenditures					
Current:					
General government	6,400,959	—	—	—	6,400,959
Public improvements	4,028,280	—	—	—	4,028,280
Public parks	2,832,115	—	—	—	2,832,115
Public services	188,972	—	—	—	188,972
Convention Center	650,473	—	—	—	650,473
Other	—	—	—	3,645	3,645
Capital outlay	3,343,977	—	16,964,541	—	20,308,518
Debt service:					
Principal retirement	1,561,000	1,615,000	340,000	—	3,516,000
Interest and fiscal charges	3,196,838	761,538	264,132	—	4,222,508
Advance refunding escrow	—	132,861	—	—	132,861
Bond issue costs	—	33,181	66,381	—	99,562
Total Expenditures	22,202,614	2,542,580	17,635,054	3,645	42,383,893
Revenues Over (Under) Expenditures	(744,603)	(1,058,210)	(4,484,245)	32,040	(6,255,018)
Other Financing Sources (Uses)					
Transfers in	759,259	1,140,000	558,000	—	2,457,259
Transfers out	(1,250,414)	—	(1,916,845)	—	(3,167,259)
General obligation bonds issued	—	2,240,000	—	—	2,240,000
Neighborhood improvement district bonds issued	—	—	3,295,000	—	3,295,000
Tax increment financing notes issued	420,000	—	—	—	420,000
Proceeds from sale of capital assets	7,252	—	849,842	—	857,094
Payment to refunded escrow agent	—	(2,206,341)	—	—	(2,206,341)
Total Other Financing Sources (Uses)	(63,903)	1,173,659	2,785,997	—	3,895,753
Net Change In Fund Balances	(808,506)	115,449	(1,698,248)	32,040	(2,359,265)
Fund Balance					
Beginning of year	22,484,864	1,524,432	16,970,507	345,439	41,325,242
End of year	\$ 21,676,358	\$ 1,639,881	\$ 15,272,259	\$ 377,479	\$ 38,965,977

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS For The Year Ended December 31, 2004

	Street Maintenance And Improvement	Special Assessment	Community Development	Redevelopment	Tax Increment Financing (TIF) Districts	Convention Center
Revenues						
Taxes, including interest and penalties:						
Property	\$ —	\$ —	\$ —	\$ —	\$ 2,203,608	\$ —
Utility	—	—	—	—	40,866	—
Tourism	—	—	—	—	—	—
Sales	1,979,163	—	—	—	871,325	—
Gasoline and motor fuel	2,512,496	—	—	—	—	—
Gaming receipts	—	—	—	2,158,388	—	—
County road and bridge	1,005,356	—	—	—	—	—
Cable television	—	—	—	—	—	—
Total Taxes	5,497,015	—	—	2,158,388	3,115,799	—
Federal, state and county grants	227,126	—	408,994	—	—	—
Licenses, permits, fines and fees	61,527	—	—	—	—	—
Interest on investments	—	—	152	—	—	62,106
Other	187,750	—	8,700	—	1,003	—
Total Revenues	5,973,418	—	417,846	2,158,388	3,116,802	62,106
Expenditures						
Current:						
General government	1,321,212	—	85,390	526,196	676,247	—
Public improvements	4,002,069	—	—	—	—	—
Public parks	—	—	—	—	—	—
Public services	—	—	188,972	—	—	—
Convention Center	—	—	—	—	—	650,473
Capital outlay	879,205	—	—	32,908	420,000	—
Debt service:						
Principal retirement	—	—	—	—	1,141,000	—
Interest and fiscal charges	—	—	—	—	1,343,184	1,437,382
Total Expenditures	6,202,486	—	274,362	559,104	3,580,431	2,087,855
Revenues Over (Under)						
Expenditures	(229,068)	—	143,484	1,599,284	(463,629)	(2,025,749)
Other Financing Sources (Uses)						
Transfers in	—	—	—	76,845	—	500,000
Transfers out	(268,000)	—	—	(982,414)	—	—
Tax increment financing notes issued	—	—	—	—	420,000	—
Proceeds from sale of capital assets	—	—	—	—	—	—
Total Other Financing Sources (Uses)	(268,000)	—	—	(905,569)	420,000	500,000
Net Change In Fund Balances	(497,068)	—	143,484	693,715	(43,629)	(1,525,749)
Fund Balance						
Beginning of year	3,044,545	—	2,177,672	1,286,802	70,352	5,781,688
End of year	\$ 2,547,477	\$ —	\$ 2,321,156	\$ 1,980,517	\$ 26,723	\$ 4,255,939

Sewer Lateral Program	Metropolitan Park Tax	Park	Tourism	Special Business District	Cable Television	Beautification	Stormwater	Total
\$ —	\$ —	\$ 2,521,206	\$ —	\$ 33,723	\$ —	\$ —	\$ —	\$ 4,758,537
—	—	—	—	—	—	—	—	40,866
—	—	—	1,739,484	—	—	—	—	1,739,484
—	216,065	—	—	—	—	—	—	3,066,553
—	—	—	—	—	—	—	—	2,512,496
—	—	—	—	—	—	—	2,319,145	4,477,533
—	—	—	—	—	—	—	—	1,005,356
—	—	—	—	—	419,016	—	—	419,016
—	216,065	2,521,206	1,739,484	33,723	419,016	—	2,319,145	18,019,841
—	—	—	91,528	—	—	—	(13,642)	714,006
423,114	—	1,738,438	—	16,803	—	—	—	2,239,882
3,477	—	18,763	—	—	—	—	57,744	142,242
—	—	30,686	63,901	—	50,000	—	—	342,040
426,591	216,065	4,309,093	1,894,913	50,526	469,016	—	2,363,247	21,458,011
323,899	—	986,602	1,889,516	52,822	291,957	—	247,118	6,400,959
—	—	—	—	—	—	26,211	—	4,028,280
—	—	2,832,115	—	—	—	—	—	2,832,115
—	—	—	—	—	—	—	—	188,972
—	—	—	—	—	—	—	—	650,473
1,853	115,881	1,255,321	40,846	—	42,827	130,181	424,955	3,343,977
—	—	—	—	—	—	—	420,000	1,561,000
—	—	—	—	—	—	—	416,272	3,196,838
325,752	115,881	5,074,038	1,930,362	52,822	334,784	156,392	1,508,345	22,202,614
100,839	100,184	(764,945)	(35,449)	(2,296)	134,232	(156,392)	854,902	(744,603)
—	—	—	182,414	—	—	—	—	759,259
—	—	—	—	—	—	—	—	(1,250,414)
—	—	—	—	—	—	—	—	420,000
—	—	7,252	—	—	—	—	—	7,252
—	—	7,252	182,414	—	—	—	—	(63,903)
100,839	100,184	(757,693)	146,965	(2,296)	134,232	(156,392)	854,902	(808,506)
707,829	477,408	4,425,677	941,665	73,439	561,860	300,584	2,635,343	22,484,864
\$ 808,668	\$ 577,592	\$ 3,667,984	\$ 1,088,630	\$ 71,143	\$ 696,092	\$ 144,192	\$ 3,490,245	\$ 21,676,358

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR DEBT SERVICE FUNDS For The Year Ended December 31, 2004

	General Obligation Debt Service	Neighborhood Improvement District Debt Service	Total
Revenues			
Property taxes	\$ 1,479,322	\$ —	\$ 1,479,322
Interest on investments	5,048	—	5,048
Total Revenues	1,484,370	—	1,484,370
Expenditures			
Debt Service:			
Principal retirement	1,615,000	—	1,615,000
Interest and fiscal charges	768,476	(6,938)	761,538
Advance refunding escrow	132,861	—	132,861
Bond issue costs	33,181	—	33,181
Total Expenditures	2,549,518	(6,938)	2,542,580
Revenues Over (Under) Expenditures	(1,065,148)	6,938	(1,058,210)
Other Financing Sources (Uses)			
Transfer in	1,140,000	—	1,140,000
General obligation bonds issued	2,240,000	—	2,240,000
Payment to refunded bond escrow agent	(2,206,341)	—	(2,206,341)
Total Other Financing Sources (Uses)	1,173,659	—	1,173,659
Net Change In Fund Balances	108,511	6,938	115,449
Fund Balances			
Beginning of year	1,524,432	—	1,524,432
End of year	\$ 1,632,943	\$ 6,938	\$ 1,639,881

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS For The Year Ended December 31, 2004

	Capital Improvement	Special Street Construction	Street Construction	Major Facilities	Justice Center	Neighborhood Improvement District	Total
Revenues							
Sales taxes	\$ 4,775,872	\$ —	\$ —	\$ —	\$ —	\$ —	4,775,872
Gaming taxes	—	—	3,847,584	1,541,383	—	—	5,388,967
Federal, state and county grants	289,990	2,695,301	—	—	—	—	2,985,291
Interest on investments	—	—	—	679	—	—	679
Total Revenues	5,065,862	2,695,301	3,847,584	1,542,062	—	—	13,150,809
Expenditures							
Capital Outlay:							
Administrative	292,288	—	—	1,986,534	—	1,750,000	4,028,822
Street improvements	5,878,320	2,695,301	2,826,205	—	—	—	11,399,826
Fire department	743,969	—	—	—	—	—	743,969
Police department	726,214	—	—	—	26,515	—	752,729
Public parks	—	—	—	39,195	—	—	39,195
Total Capital Outlay	7,640,791	2,695,301	2,826,205	2,025,729	26,515	1,750,000	16,964,541
Debt Service:							
Principal retirement	205,000	—	65,000	70,000	—	—	340,000
Interest and fiscal charges	22,515	—	92,815	148,802	—	—	264,132
Bond issue costs	—	—	—	—	—	66,381	66,381
Total Expenditures	7,868,306	2,695,301	2,984,020	2,244,531	26,515	1,816,381	17,635,054
Revenues Over (Under) Expenditures	(2,802,444)	—	863,564	(702,469)	(26,515)	(1,816,381)	(4,484,245)
Other Financing Sources (Uses)							
Transfer in	558,000	—	—	—	—	—	558,000
Transfers out	(584,000)	—	(300,000)	(1,032,845)	—	—	(1,916,845)
Neighborhood Improvement District bonds issued	—	—	—	—	—	3,295,000	3,295,000
Proceeds from sale of capital assets	849,842	—	—	—	—	—	849,842
Total Other Financing Sources (Uses)	823,842	—	(300,000)	(1,032,845)	—	3,295,000	2,785,997
Net Change In Fund Balances	(1,978,602)	—	563,564	(1,735,314)	(26,515)	1,478,619	(1,698,248)
Fund Balances							
Beginning of year	8,844,964	—	4,842,284	3,256,744	26,515	—	16,970,507
End of year	\$ 6,866,362	\$ —	\$ 5,405,848	\$ 1,521,430	\$ —	\$ 1,478,619	\$ 15,272,259

**Individual Fund Schedules of Revenues,
Expenditures and Changes in
Fund Balances - Budget
(Non-GAAP Basis) and Actual**

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL STREET MAINTENANCE AND IMPROVEMENT FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Sales	\$ 2,041,000	\$ 2,000,147	\$ (40,853)
Gasoline and motor fuel	2,500,000	2,510,472	10,472
County road and bridge	1,059,000	1,005,356	(53,644)
Total Taxes	5,600,000	5,515,975	(84,025)
Federal, state and county grants	241,001	227,126	(13,875)
Licenses, permits, fines and fees	27,400	61,527	34,127
Other	134,875	187,750	52,875
Total Revenues	6,003,276	5,992,378	(10,898)
Expenditures			
Current:			
General government	1,335,178	1,340,252	(5,074)
Public improvements	4,838,313	4,104,514	733,799
Capital outlay	1,436,223	662,413	773,810
Total Expenditures	7,609,714	6,107,179	1,502,535
Revenues Over (Under) Expenditures	(1,606,438)	(114,801)	1,491,637
Other Financing Sources (Uses)			
Operating transfers in	3,000	—	(3,000)
Operating transfers out	(10,000)	(10,000)	—
Total Other Financing Sources (Uses)	(7,000)	(10,000)	(3,000)
Net Change In Fund Balances	(1,613,438)	(124,801)	1,488,637
Fund Balances			
Beginning of year	2,871,815	2,871,815	—
End of year	\$ 1,258,377	\$ 2,747,014	\$ 1,488,637

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL ASSESSMENT FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Special tax bills	\$ 3,000	\$ —	\$ (3,000)
Expenditures	—	—	—
Revenues Over (Under) Expenditures	3,000	—	(3,000)
Other Financing Uses			
Operating transfers out	(3,000)	—	3,000
Net Change In Fund Balances	—	—	—
Fund Balances			
Beginning of year	—	—	—
End of year	\$ —	\$ —	\$ —

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL COMMUNITY DEVELOPMENT FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Federal, state and county grants	\$ 743,721	\$ 402,868	\$ (340,853)
Interest on investments	240	152	(88)
Other	11,000	149,500	138,500
Total Revenues	754,961	552,520	(202,441)
Expenditures			
Current:			
General government	88,094	86,945	1,149
Public improvements	434,151	252,138	182,013
Public services	221,476	151,960	69,516
Total Expenditures	743,721	491,043	252,678
Revenues Over Expenditures	11,240	61,477	50,237
Fund Balances			
Beginning of year	120,871	120,871	—
End of year	\$ 132,111	\$ 182,348	\$ 50,237

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL REDEVELOPMENT FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Gaming	\$ 2,122,500	\$ 2,272,500	\$ 150,000
Expenditures			
Current:			
General government	2,098,385	535,197	1,563,188
Capital outlay	196,095	38,340	157,755
Total Expenditures	2,294,480	573,537	1,720,943
Revenues Over (Under) Expenditures	(171,980)	1,698,963	1,870,943
Other Financing Sources (Uses)			
Operating transfers in	76,845	76,845	—
Operating transfers out	(985,000)	(982,414)	2,586
Net Change In Fund Balances	(1,080,135)	793,394	1,873,529
Fund Balances			
Beginning of year	1,099,620	1,099,620	—
End of year	\$ 19,485	\$ 1,893,014	\$ 1,873,529

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TAX INCREMENT FINANCING (TIF) DISTRICTS FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Property	\$ 2,055,905	\$ 2,203,608	\$ 147,703
Sales	657,000	912,191	255,191
Total Taxes	2,712,905	3,115,799	402,894
Other	100	1,003	903
Total Revenues	2,713,005	3,116,802	403,797
Expenditures			
Current:			
General government	902,180	676,247	225,933
Debt service:			
Principal retirement	995,000	1,141,000	(146,000)
Interest and fiscal charges	911,405	1,343,184	(431,779)
Total Expenditures	2,808,585	3,160,431	(351,846)
Revenues Over (Under) Expenditures	(95,580)	(43,629)	51,951
Fund Balances			
Beginning of year	70,352	70,352	—
End of year	\$ (25,228)	\$ 26,723	\$ 51,951

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CONVENTION CENTER FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Interest on investments	\$ —	\$ 13,775	\$ 13,775
Expenditures			—
Current:			
Convention center	500,000	559,635	(59,635)
Debt service:			
Interest and fiscal charges	1,485,000	1,437,382	47,618
Total Expenditures	1,985,000	1,997,017	(12,017)
Revenues Over (Under) Expenditures	(1,985,000)	(1,983,242)	1,758
Other Financing Sources			
Operating transfers in	500,000	500,000	—
Net Change In Fund Balances	(1,485,000)	(1,483,242)	1,758
Fund Balances			
Beginning of year	5,779,207	5,779,207	—
End of year	\$ 4,294,207	\$ 4,295,965	\$ 1,758

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SEWER LATERAL PROGRAM FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Interest on investments	\$ —	\$ 3,477	\$ 3,477
Sewer Lateral fee	432,000	418,801	(13,199)
Total Revenues	432,000	422,278	(9,722)
Expenditures			
Current:			
General government	446,276	310,389	135,887
Capital outlay	2,137	2,104	33
Total Expenditures	448,413	312,493	135,920
Revenues Over (Under) Expenditures	(16,413)	109,785	126,198
Fund Balances			
Beginning of year	322,711	322,711	—
End of year	\$ 306,298	\$ 432,496	\$ 126,198

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL METROPOLITAN PARKS TAX FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Sales	\$ 205,000	\$ 216,391	\$ 11,391
Expenditures			
Capital outlay	595,746	114,481	481,265
Revenues Over (Under) Expenditures	(390,746)	101,910	492,656
Fund Balances			
Beginning of year	446,368	446,368	—
End of year	\$ 55,622	\$ 548,278	\$ 492,656

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

PARK FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Property	\$ 2,483,000	\$ 2,525,254	\$ 42,254
Licenses, permits, fines and fees	1,787,181	1,738,396	(48,785)
Interest on investments	24,600	18,763	(5,837)
Other	30,524	30,686	162
Total Revenues	4,325,305	4,313,099	(12,206)
Expenditures			
Current:			
General government	1,066,765	995,455	71,310
Public parks	2,978,024	2,857,632	120,392
Capital outlay	1,751,493	1,239,987	511,506
Total Expenditures	5,796,282	5,093,074	703,208
Revenues Over (Under) Expenditures	(1,470,977)	(779,975)	691,002
Other Financing Sources			
Proceeds from sale of capital assets	—	7,252	7,252
Net Change In Fund Balances	(1,470,977)	(772,723)	698,254
Fund Balances			
Beginning of year	3,476,874	3,476,874	—
End of year	\$ 2,005,897	\$ 2,704,151	\$ 698,254

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TOURISM FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Tourism	\$ 1,741,000	\$ 1,733,598	\$ (7,402)
Federal, state and county grants	311,742	115,083	(196,659)
Other	74,025	63,901	(10,124)
Total Revenues	2,126,767	1,912,582	(214,185)
Expenditures			
Current:			
General government	2,499,348	1,868,575	630,773
Capital outlay	115,363	36,547	78,816
Total Expenditures	2,614,711	1,905,122	709,589
Revenues Over (Under) Expenditures	(487,944)	7,460	495,404
Other Financing Sources			
Operating transfers in	185,000	182,414	(2,586)
Net Change In Fund Balances	(302,944)	189,874	492,818
Fund Balances			
Beginning of year	820,235	820,235	—
End of year	\$ 517,291	\$ 1,010,109	\$ 492,818

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL BUSINESS DISTRICT FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Property	\$ 28,000	\$ 33,818	\$ 5,818
Licenses, permits, fines and fees	15,000	16,803	1,803
Total Revenues	43,000	50,621	7,621
Expenditures			
Current:			
General government	57,449	34,939	22,510
Revenues Over (Under) Expenditures	(14,449)	15,682	30,131
Fund Balances			
Beginning of year	59,730	59,730	—
End of year	\$ 45,281	\$ 75,412	\$ 30,131

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CABLE TELEVISION FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Cable television	\$ 390,000	\$ 472,197	\$ 82,197
Expenditures			
Current:			
General government	536,969	338,122	198,847
Revenues Over (Under) Expenditures	(146,969)	134,075	281,044
Fund Balances			
Beginning of year	462,550	462,550	—
End of year	\$ 315,581	\$ 596,625	\$ 281,044

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL BEAUTIFICATION FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues	\$ —	\$ —	\$ —
Expenditures			
Current:			
Public improvements	66,561	24,965	41,596
Capital outlay	234,495	130,181	104,314
Total Expenditures	301,056	155,146	145,910
Revenues Over (Under) Expenditures	(301,056)	(155,146)	145,910
Fund Balances			
Beginning of year	301,056	301,056	—
End of year	\$ —	\$ 145,910	\$ 145,910

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL STORMWATER FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Gaming	\$ 2,054,000	\$ 2,249,000	\$ 195,000
Federal, state and county grants	328,565	314,923	(13,642)
Total Revenues	2,382,565	2,563,923	181,358
Expenditures			
Current:			
General government	872,114	264,003	608,111
Capital outlay	1,845,884	240,132	1,605,752
Debt service:			
Principal retirement	420,000	420,000	—
Interest and fiscal charges	425,675	416,268	9,407
Total Expenditures	3,563,673	1,340,403	2,223,270
Revenues Over (Under) Expenditures	(1,181,108)	1,223,520	2,404,628
Fund Balances			
Beginning of year	1,198,952	1,198,952	—
End of year	\$ 17,844	\$ 2,422,472	\$ 2,404,628

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL OBLIGATION DEBT SERVICE FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Property taxes, including interest and penalties	\$ 1,439,400	\$ 1,479,509	\$ 40,109
Interest on investments	3,600	5,048	1,448
Total Revenues	1,443,000	1,484,557	41,557
Expenditures			
Principal retirement	1,615,000	1,615,000	—
Interest and fiscal charges	835,125	768,476	66,649
Advance to Refunding Escrow Agent	132,861	132,861	—
Bond issue costs	33,659	33,181	478
Total Expenditures	2,616,645	2,549,518	67,127
Revenues Over (Under) Expenditures	(1,173,645)	(1,064,961)	108,684
Other Financing Sources (Uses)			
Operating transfers in	1,140,000	1,140,000	—
Proceeds from debt issuance	2,240,000	2,240,000	—
Payment to refunding bond escrow agent	(2,206,341)	(2,206,341)	—
Total Other Financing Sources (Uses)	1,173,659	1,173,659	—
Net Change In Fund Balances	14	108,698	108,684
Fund Balances			
Beginning of year	835,339	835,339	—
End of year	\$ 835,353	\$ 944,037	\$ 108,684

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CONVENTION FACILITIES FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Intergovernmental revenue from St. Charles			
County Convention and Sports Facilities Authority	\$ 1,525,376	\$ 1,379,989	\$ (145,387)
Interest	224,088	215,954	(8,134)
Total Revenues	1,749,464	1,595,943	(153,521)
Expenditures			
Capital outlay:			
Administrative	35,866,963	22,503,528	13,363,435
Debt Service:			
Bond issue costs	6,344	—	6,344
Total Expenditures	35,873,307	22,503,528	13,369,779
Revenues Over (Under) Expenditures	(34,123,843)	(20,907,585)	13,216,258
Fund Balances			
Beginning of year	34,123,843	34,123,843	—
End of year	\$ —	\$ 13,216,258	\$ 13,216,258

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CAPITAL IMPROVEMENT FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Sales	\$ 4,927,000	\$ 4,833,030	\$ (93,970)
Federal, state and county grants	283,415	285,731	2,316
Other	1,358,000	1,358,000	—
Total Revenues	6,568,415	6,476,761	(91,654)
Expenditures			
Capital outlay:			
Administrative	759,541	304,736	454,805
Street improvements	10,415,017	6,248,092	4,166,925
Fire department	1,340,947	735,559	605,388
Police department	1,013,619	713,310	300,309
Total Capital Outlay	13,529,124	8,001,697	5,527,427
Debt Service:			
Principal retirement	205,000	205,000	—
Interest and fiscal charges	25,000	22,515	2,485
Total Expenditures	13,759,124	8,229,212	5,529,912
Revenues Over (Under) Expenditures	(7,190,709)	(1,752,451)	5,438,258
Other Financing Sources (Uses)			
Transfers in	130,000	130,000	—
Transfers out	(584,000)	(584,000)	—
Proceeds from sale of fixed assets	40,000	849,842	809,842
Total Other Financing Sources (Uses)	(414,000)	395,842	809,842
Net Change In Fund Balances	(7,604,709)	(1,356,609)	6,248,100
Fund Balances			
Beginning of year	7,682,884	7,682,884	—
End of year	\$ 78,175	\$ 6,326,275	\$ 6,248,100

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL STREET CONSTRUCTION FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Federal, state and county grants	\$ 12,272,038	\$ 3,017,608	\$ (9,254,430)
Expenditures			
Capital outlay:			
Street improvements	10,282,858	2,736,077	7,546,781
Revenues Over Expenditures	1,989,180	281,531	(1,707,649)
Fund Balances			
Beginning of year	(1,989,180)	(1,989,180)	—
End of year	\$ —	\$ (1,707,649)	\$ (1,707,649)

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL STREET CONSTRUCTION FUND For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Gaming	\$ 3,809,600	\$ 3,809,600	\$ —
Expenditures			
Capital outlay:			
Land	30,000	800	29,200
Street improvements	7,879,447	2,892,201	4,987,246
Debt Service:			
Principal retirement	65,000	65,000	—
Interest and fiscal charges	101,000	92,815	8,185
Total Expenditures	8,075,447	3,050,816	5,024,631
Revenues Over (Under) Expenditures	(4,265,847)	758,784	5,024,631
Fund Balances			
Beginning of year	4,278,667	4,278,667	—
End of year	\$ 12,820	\$ 5,037,451	\$ 5,024,631

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

MAJOR FACILITIES FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Taxes, including interest and penalties:			
Gaming	\$ 1,346,000	\$ 1,426,000	\$ 80,000
Expenditures			
Public works	18,000	18,000	—
Capital outlay:			
Administrative	1,711,038	615,268	1,095,770
Debt Service:			
Principal retirement	70,000	70,000	—
Interest and fiscal charges	221,491	148,771	72,720
Total Expenditures	2,020,529	852,039	1,168,490
Revenues Over (Under) Expenditures	(674,529)	573,961	1,248,490
Other Financing Uses			
Transfers out	(1,032,845)	(1,032,845)	—
Net Change In Fund Balances	(1,707,374)	(458,884)	1,248,490
Fund Balances			
Beginning of year	1,707,386	1,707,386	—
End of year	\$ 12	\$ 1,248,502	\$ 1,248,490

CITY OF SAINT CHARLES, MISSOURI

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL JUSTICE CENTER FUND

For The Year Ended December 31, 2004

	Revised Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues			
Interest	\$ —	\$ —	\$ —
Expenditures			
Capital outlay:			
Police department	108,534	108,533	1
Revenues Over (Under) Expenditures	(108,534)	(108,533)	1
Fund Balances			
Beginning of year	108,533	108,533	—
End of year	\$ (1)	\$ —	\$ 1

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds.

Agency Funds

Agency funds are used to account for the changes in assets and liabilities related to contractor's guarantee, bail bond deposits and the Mark Twain Mall Transportation Development District (TDD).

CITY OF SAINT CHARLES, MISSOURI

COMBINING STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY (AGENCY) FUNDS

December 31, 2004

	Contractors' Guarantee	Bail Bond	Mark Twain Mall TDD	Total
Assets				
Cash and investments - restricted	\$ 401,673	\$ 71,600	\$ 85,798	\$ 559,071
Liabilities				
Due to other taxing districts	\$ —	\$ —	\$ 85,798	\$ 85,798
Deposits payable held in escrow	401,673	71,600	—	473,273
Total Liabilities	\$ 401,673	\$ 71,600	\$ 85,798	\$ 559,071

CITY OF SAINT CHARLES, MISSOURI

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY (AGENCY) FUNDS For The Year Ended December 31, 2004

	Balance - December 31, 2003	Additions	Deductions	Balance - December 31, 2004
Contractor's Guarantee				
Assets - cash and investments - restricted	\$ 375,203	\$ 50,807	\$ 24,337	\$ 401,673
Liabilities - deposits payable held in escrow	\$ 375,203	\$ 50,807	\$ 24,337	\$ 401,673
Bail Bond				
Assets - cash and investments - restricted	\$ 46,873	\$ 416,745	\$ 392,018	\$ 71,600
Liabilities - deposits payable held in escrow	\$ 46,873	\$ 416,745	\$ 392,018	\$ 71,600
Mark Twain Mall TDD				
Assets - cash and investments - restricted	\$ 88,843	\$ 539,400	\$ 542,445	\$ 85,798
Liabilities - due to other taxing districts	\$ 88,843	\$ 539,400	\$ 542,445	\$ 85,798
Totals - All Agency Funds				
Assets:				
Cash and investments - restricted	\$ 510,919	\$ 1,006,952	\$ 958,800	\$ 559,071
Liabilities:				
Due to other taxing units	\$ 88,843	\$ 539,400	\$ 542,445	\$ 85,798
Deposits payable held in escrow	422,076	467,552	416,355	473,273
Total Liabilities	\$ 510,919	\$ 1,006,952	\$ 958,800	\$ 559,071



Part III – Statistical Section

CITY OF SAINT CHARLES, MISSOURI**TABLE 1****GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾
LAST TEN FISCAL YEARS**

Fiscal Year	General Governmental ⁽²⁾	Public Safety	Public Works	Public Improvements	Public Parks	Capital Outlay	Debt Service	Total
1995	\$ 4,548,283	\$ 12,925,858	\$ 488,169	\$ 3,719,822	\$ 1,755,965	\$ 6,667,786	\$ 2,832,562	\$ 32,938,445
1996	5,529,560	13,485,108	685,272	5,053,693	1,833,157	11,238,347	2,783,276	40,608,413
1997	7,286,913	14,421,723	596,117	6,488,589	1,985,650	11,425,884	2,485,003	44,689,879
1998	7,036,828	15,499,623	1,683,500	3,008,908	2,142,314	16,126,597	3,689,851	49,187,621
1999	7,345,239	16,377,247	825,384	3,541,469	2,225,337	26,907,435	3,283,904	60,506,015
2000	7,780,687	16,512,818	714,752	3,728,455	2,293,094	27,289,071	4,276,877	62,595,754
2001 ⁽³⁾	13,312,950	27,881,774	1,116,333	5,239,185	3,531,074	30,931,798	8,092,537	90,105,651
2002	9,688,182	20,420,608	1,191,357	3,856,062	2,358,496	32,491,766	5,591,406	75,597,877
2003	11,219,961	23,351,680	806,913	4,479,928	2,617,052	30,968,398	7,147,372	80,591,304
2004	11,797,360	24,681,921	876,249	4,028,280	2,832,115	44,238,387	7,970,821	97,075,606

(1) Includes all governmental fund types on a GAAP basis.

(2) Includes administrative, finance, purchasing and other functions.

(3) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 2

GENERAL GOVERNMENTAL REVENUES BY SOURCE⁽¹⁾ LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Federal, State, And County Grants And Entitlements	Intergovernmental Revenue From St. Charles County Convention And Sports Facilities Authority	Licenses, Permits, Fines And Fees	Interest On Investments	Other	Total
1995	\$ 28,511,348	\$ 3,881,579	\$ —	\$ 3,019,226	\$ 1,098,587	\$ 855,605	\$ 37,366,345
1996	34,186,690	3,594,460	—	3,079,336	1,634,904	708,038	43,203,428
1997	36,231,202	4,729,291	—	3,288,891	2,251,327	604,616	47,105,327
1998	37,637,191	3,974,095	—	3,445,671	2,987,686	801,045	48,845,688
1999	37,163,725	6,284,632	—	3,379,253	2,431,506	1,354,172	50,613,288
2000	40,499,300	3,878,885	—	3,530,615	1,861,721	430,255	50,200,776
2001 ⁽²⁾	66,579,519	2,081,615	—	5,632,529	4,202,226	555,898	79,051,787
2002	49,081,643	3,690,620	—	3,993,485	1,454,299	977,270	59,197,317
2003	54,756,638	4,507,637	15,690,870	4,791,018	622,479	804,488	81,173,130
2004	56,729,806	3,762,773	1,379,989	5,122,260	880,484	694,296	68,569,608

(1) Includes all governmental fund types on a GAAP basis.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 3

GENERAL GOVERNMENTAL TAX REVENUE BY SOURCE LAST TEN FISCAL YEARS

Fiscal Year	Property	Sales	Gaming	Utility	Cigarette	Financial Institution	Gasoline And Motor Fuel	County Road And Bridge	Hotel Tax ⁽¹⁾	Cable Television Franchise	Tourism	Total
1995	\$ 5,337,594	\$ 9,690,901	\$ 4,938,542	\$ 4,521,009	\$ 523,616	\$ 67,186	\$ 1,695,450	\$ 694,587	\$ —	\$ 109,741	\$ 932,722	\$ 28,511,348
1996	5,920,454	10,607,164	8,507,640	5,002,459	505,482	37,466	1,676,942	735,196	—	127,617	1,046,271	34,186,690
1997	6,219,430	11,426,416	9,034,349	5,106,599	412,128	21,286	1,932,666	781,854	—	137,706	1,158,768	36,231,202
1998	6,986,906	13,187,373	7,375,675	5,395,206	465,363	9,468	1,998,529	847,486	—	148,767	1,222,418	37,637,191
1999	7,130,467	12,759,065	7,031,794	5,465,035	468,274	2,592	2,024,752	865,855	—	159,131	1,256,760	37,163,725
2000	7,897,395	14,304,882	7,732,725	5,664,259	495,934	2,315	2,077,857	905,671	—	177,363	1,240,900	40,499,300
2001 ⁽²⁾	16,308,462	20,879,224	12,656,442	9,395,803	735,712	4,651	3,228,236	955,180	—	323,190	2,092,619	66,579,519
2002	10,031,257	15,352,471	12,084,462	6,039,865	475,110	14,679	2,308,617	977,914	—	291,909	1,505,359	49,081,643
2003	11,269,698	15,855,979	15,385,644	6,268,383	493,746	74	2,453,938	1,018,605	81,994	341,319	1,587,258	54,756,638
2004	11,906,465	15,763,946	16,710,022	6,191,551	456,516	24,954	2,512,496	1,005,356	122,061	419,016	1,617,423	56,729,806

(1) First year of the tax was 1992, tax was suspended during fiscal year 1993 until 2003 when a portion of the tax was reinstated.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 4

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Tax Year	Total Tax Levy	Current Tax Collections	Percent Of Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Ratio Of Total Tax Collections To Total Tax Levy	Delinquent And Protested Taxes	Ratio Of Delinquent And Protested Taxes To Total Tax Levy
1995	\$ 5,808,789	\$ 5,582,047	96.1%	\$ 90,904	\$ 5,672,951	97.7%	\$ 195,896	3.4%
1996	6,136,270	5,833,008	95.1%	129,878	5,962,886	97.2%	191,737	3.1%
1997	6,783,289	6,479,182	95.5%	144,277	6,623,459	97.6%	186,147	2.7%
1998	6,830,221	6,543,704	95.8%	134,128	6,677,833	97.7%	169,559	2.5%
1999	7,400,800	7,095,500	95.9%	138,058	7,233,558	97.7%	151,007	2.0%
2000 + 2001 ⁽¹⁾	15,829,579	14,974,792	94.6%	168,546	15,143,338	95.7%	601,464	3.8%
2002	8,463,017	7,615,775	90.0%	448,225	8,064,000	95.3%	616,224	7.3%
2003	9,456,401	8,784,640	92.9%	448,881	9,233,521	97.6%	602,926	6.4%
2004	9,621,878	9,045,901	94.0%	479,090	9,524,991	99.0%	535,157	5.6%

(1) 2000 and 2001 have been combined because the fiscal period consisted of eighteen months which includes tax levies for both years.

CITY OF SAINT CHARLES, MISSOURI

TABLE 5

ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY LAST TEN FISCAL YEARS

Tax Year	Real Estate		Personal Property		Railroad And Utility		Total		Ratio Of
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Total Assessed Value To Total Estimated Actual Value
1995	\$ 407,538,422	\$ 1,899,033,235	\$ 122,903,001	\$ 372,433,336	\$ 15,007,833	\$ 45,478,282	\$ 545,449,256	\$ 2,316,944,853	23.5%
1996	424,232,841	1,974,767,823	136,170,175	412,363,894	15,114,150	45,800,455	575,517,166	2,432,932,172	23.7%
1997	486,853,338	2,465,492,195	146,814,895	444,893,621	15,012,375	45,492,045	648,680,608	2,955,877,861	21.9%
1998	500,892,164	2,315,631,702	148,398,014	449,690,952	15,440,103	46,788,191	664,730,281	2,812,110,845	23.6%
1999	555,688,170	2,575,726,609	157,895,068	478,469,903	15,312,857	46,402,597	728,896,095	3,100,599,109	23.5%
2000	575,376,600	2,662,012,813	159,937,410	484,660,333	15,546,918	47,111,873	750,861,434	3,193,785,019	23.5%
2001	640,054,857	2,960,191,585	162,449,512	492,271,248	16,265,777	49,290,233	818,770,146	3,501,753,066	23.4%
2002	650,850,441	2,984,606,387	178,429,580	540,695,697	15,266,430	46,261,909	844,546,451	3,571,563,993	23.6%
2003	752,746,222	3,458,365,333	177,814,932	538,833,127	14,997,160	45,445,939	945,558,314	4,042,644,399	23.4%
2004	776,584,010	3,567,311,998	167,852,241	508,643,155	16,182,747	49,038,627	960,618,998	4,124,993,780	23.3%

CITY OF SAINT CHARLES, MISSOURI

TABLE 6

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Tax Year	City Of St. Charles			St. Charles School District			County Of St. Charles					Other	Total
	Operating	Debt	Total	Operating	Debt	Total	Operating	Debt	Road And	Total			
		Service	City		Service	District		Service	Bridge	County			
1995	0.8900	0.1500	1.0400	3.6100	0.4100	4.0200	0.0300	0.0300	0.2700	0.3300	0.9000	6.2900	
1996	0.8900	0.1500	1.0400	3.6500	0.4100	4.0600	0.0300	0.0300	0.2700	0.3300	0.9000	6.3300	
1997	0.8800	0.1400	1.0200	3.5200	0.4900	4.0100	0.0300	0.0300	0.2600	0.3200	0.8400	6.1900	
1998	0.8800	0.1200	1.0000	3.8200	0.4500	4.2700	0.0200	0.0200	0.2600	0.3000	0.8700	6.4400	
1999	0.8900	0.1000	0.9900	3.8200	0.4500	4.2700	0.0100	0.0200	0.2500	0.2800	0.8800	6.4200	
2000	0.8900	0.1000	0.9900	3.7200	0.5500	4.2700	0.0100	0.0100	0.2500	0.2700	0.8800	6.4100	
2001	0.8707	0.1000	0.9707	3.6086	0.6614	4.2700	0.0080	0.0013	0.2400	0.2493	0.8605	6.3505	
2002	0.8707	0.1000	0.9707	3.6199	0.6501	4.2700	0.0075	—	0.2400	0.2475	0.8765	6.3647	
2003	0.8200	0.1500	0.9700	3.4052	1.1648	4.5700	0.0050	—	0.2250	0.2744	0.8240	6.5940	
2004	0.8200	0.1500	0.9700	3.3900	1.1800	4.5700	0.0040	—	0.2250	0.2290	0.8240	6.5930	

CITY OF SAINT CHARLES, MISSOURI

TABLE 7

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio Of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
1995	55,158	\$ 485,646,537	\$ 5,305,000	\$ 699,866	\$ 4,605,134	0.95%	\$ 83.49
1996	56,525	545,449,256	7,920,000	657,748	7,262,252	1.33%	128.48
1997	57,500	575,517,166	7,655,000	906,644	6,748,356	1.17%	117.36
1998	58,500	648,680,608	7,325,000	1,124,025	6,200,975	0.96%	106.00
1999	59,400	664,730,281	6,930,000	1,187,928	5,742,072	0.86%	96.67
2000	60,321	728,896,095	6,505,000	1,175,885	5,329,115	0.73%	88.35
2001	60,502	818,770,146	20,415,000	1,697,232	18,717,768	2.29%	309.37
2002	60,721	844,546,451	19,680,000	1,073,948	18,606,052	2.20%	306.42
2003	60,784	945,558,314	18,695,000	1,524,432	17,170,568	1.82%	282.48
2004	61,253	960,618,998	20,375,000	1,639,881	18,735,119	1.95%	305.86

(1) The population figure for 2000 is based on actual United States Census Bureau data; 2001 through 2004 were based on United States Census Bureau estimates; all others are City of St. Charles estimates.

CITY OF SAINT CHARLES, MISSOURI

TABLE 8

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio Of Debt Service To General Governmental Expenditures
1995	\$ 465,000	\$ 355,594	\$ 820,594	\$ 32,938,445	2.49%
1996	205,000	410,231	615,231 ⁽¹⁾	40,608,413	1.52%
1997	265,000	376,287	641,287	44,689,879	1.43%
1998	330,000	399,648	729,648	49,187,621	1.48%
1999	395,000	379,861	774,861	60,506,015	1.28%
2000	425,000	359,694	784,694	62,595,752	1.25%
2001 ⁽²⁾	775,000	435,803	1,210,803 ⁽¹⁾	90,105,651	1.34%
2002	735,000	1,302,000	2,037,000	75,597,877	2.69%
2003	1,005,000	852,820	1,857,820	80,519,304	2.31%
2004	1,615,000	761,538	2,376,538 ⁽¹⁾	97,075,606	2.45%

(1) Excludes payment to refunded bond escrow agent.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI

TABLE 9

COMPUTATION OF DIRECT AND OVERLAPPING DEBT GENERAL OBLIGATION BONDS December 31, 2004

Jurisdiction	Outstanding General Obligation Indebtedness	% Applicable To City	Amount Applicable To City
Direct:			
City of St. Charles	\$ 20,375,000	100.00%	\$ 20,375,000
Overlapping:			
St. Charles County Community College	50,065,000	18.01%	9,016,707
St. Charles R-VI School District	77,552,334	84.58%	65,593,764
St. Charles County Ambulance District	4,750,000	17.91%	850,725
Francis Howell R-III School District	160,718,987	11.48%	18,450,540
St. Charles County R-V School District	14,515,000	73.79%	10,710,618
Total Overlapping	307,601,321	34.01%	104,622,354
	<u>\$ 327,976,321</u>		<u>\$ 124,997,354</u>

SOURCES: Offices of the political subdivisions and the St. Charles County Collector.

CITY OF SAINT CHARLES, MISSOURI

TABLE 10

REVENUE BOND COVERAGE WATERWORKS AND SANITARY SEWER FUNDS LAST TEN FISCAL YEARS

Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1995	\$ 7,343,278	\$ 4,344,923	\$ 2,998,355	\$ 80,000	\$ 2,900	\$ 82,900	36.17
1996	7,796,133	4,352,089	3,444,044	—	—	—	N/A
1997	7,760,180	4,225,288	3,534,892	—	—	—	N/A
1998	8,127,514	4,790,119	3,337,395	—	—	—	N/A
1999	8,307,362	4,949,453	3,357,909	—	—	—	N/A
2000	8,515,033	4,947,109	3,567,924	—	—	—	N/A
2001 ⁽²⁾	13,490,081	8,311,463	5,178,618	—	—	—	N/A
2002	9,891,986	6,177,076	3,714,910	—	—	—	N/A
2003	10,142,177	7,026,029	3,116,148	—	—	—	N/A
2004	11,096,741	6,990,252	4,106,489	—	—	—	N/A

(1) Total operating expenses exclusive of depreciation.

(2) Fiscal period 2001 consisted of 18 months.

CITY OF SAINT CHARLES, MISSOURI**TABLE 11****SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Special Assessment Billings	Special Assessments Collected
2004 ⁽¹⁾	\$ —	\$ —

(1) The first billings for special assessment begin in 2005.

CITY OF SAINT CHARLES, MISSOURI**TABLE 12****PRINCIPAL TAX PAYERS****December 31, 2004**

Taxpayer	Type Of Business	2004 Assessed Valuation	Percentage Of Total Assessed Valuation
Ameristar Casino St. Charles, Inc.	Gaming/Entertainment	\$ 57,882,877	6.03%
Boeing Company	Electronics and Missile Mfg.	10,710,804	1.11%
Greater Missouri Builders, Inc.	Various Property Holdings	10,073,520	1.05%
Board of Pension Commissioners of Los Angeles	Apartments	5,749,050	0.60%
CAPLACO Fourteen, Inc. Dierbergs Properties	Dierbergs/Retail Strip Mall	5,500,320	0.57%
Mullenix St. Charles Properties, LP	Apartments	4,297,800	0.45%
Remington Apartments Associates, LP	Apartments	4,099,470	0.43%
RReef Villages of Bogey Hills, LP	Apartments	4,048,900	0.42%
Boulders @ Katy Trail, LP	Apartments	3,297,350	0.34%
Carpeit Sunbrook Limited Partnership	Apartments	2,995,930	0.31%
Total		<u>\$ 108,656,021</u>	<u>11.31%</u>

CITY OF SAINT CHARLES, MISSOURI**TABLE 13****DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Per Capita Income ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
1995	55,158	\$ 15,626	6,497	4.2%
1996	56,525	15,626	6,626	3.0%
1997	57,500	15,626	6,621	2.8%
1998	58,500	15,626	6,368	3.2%
1999	59,400	23,607	6,205	2.5%
2000	60,321	23,607	6,190	2.0%
2001	60,502	23,607	5,812	3.5%
2002	60,721	23,607	5,892	3.6%
2003	60,784	23,607	5,874	3.9%
2004	61,253	23,607	5,859	3.7%

(1) The population figure for 2000 is based on actual United States Census Bureau data; 2001 through 2004 were based on United States Census Bureau estimates; all others are City of St. Charles estimates.

(2) City of St. Charles Development Department (updated information not available subsequent to 1999).

(3) St. Charles City Board of Education.

(4) Division of Employment Security.

CITY OF SAINT CHARLES, MISSOURI

TABLE 14

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS**

Fiscal Year	Property Values			Commercial Construction		Residential Construction		Bank Deposits
	Commercial	Residential	Total	Number Of Units	Value	Number Of Units	Value	
1995	\$ 129,938,410	\$ 243,216,650	\$ 373,155,060	114	\$ 22,183,803	539	\$ 50,488,265	\$ 689,144,230
1996	115,529,567	292,008,855	407,538,422	25	21,251,890	592	50,656,241	818,524,336
1997	121,168,073	303,064,768	424,232,841	40	81,510,531	320	28,176,507	776,804,776
1998	143,967,180	342,886,158	486,853,338	70	21,994,283	239	21,527,198	800,391,468
1999	150,520,330	350,371,834	500,892,164	79	38,464,539	353	32,789,210	809,596,498
2000	163,850,509	391,837,661	555,688,170	44	51,074,058	280	26,629,447	962,198,173
2001 ⁽¹⁾	192,676,853	447,378,004	640,054,857	43	78,737,498	300	41,450,214	880,432,103
2002	199,520,259	451,330,182	650,850,441	12	18,857,220	199	54,617,894	929,894,133
2003	236,287,498	516,458,724	725,746,222	20	15,439,647	171	22,989,294	944,016,801
2004	244,765,110	531,818,950	776,584,060	16	53,655,490	595	62,978,435	880,763,814

SOURCE: St. Charles County Assessor, City Development and local banks.

(1) Fiscal period 2001 consisted of 18 months.

TABLE 15

December 31, 2004

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